

**PRINCETON CITY COUNCIL
AGENDA
JANUARY 4, 2021, 7:00 P.M.**

PLEASE NOTE: This meeting will be convened IN PERSON, WITH MASKS, and practicing social distancing.

- I. Roll Call**
- II. Pledge of Allegiance**
- III. Public Comment**
- IV. Public Hearing -- Proposal to transfer Perry Memorial Hospital to OSF Healthcare System, an Illinois not for profit corporation ("OSF") by virtue of an Affiliation Agreement and a related Real Estate Purchase Agreement (collectively described as the "Affiliation Agreement") whereby OSF will operate Perry Memorial Hospital.**
- V. Minutes from the Regular Council Meeting on December 21, 2020**
- VI. Invoices**
- VII. Ordinance O-21-001 An Ordinance Authorizing the City of Princeton to Enter into an Affiliation Agreement with OSF, Regarding Perry Memorial Hospital. First Reading.**
- VIII. City Manager Report**
 - Princeton Fire Pension Report – November 2020
 - Aqua Backflow Survey
- IX. Mayor Report**
- X. Old Business**
- XI. New Business**
- XII. Public Comment**
- XIII. Adjournment of Regular Meeting. The next Regular Meeting of the City Council will be on Monday, January 18, 2021, 7:00 p.m. at City Hall. Changes in meeting format and location, other than attended at City Hall, will be announced in advance.**

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL
HELD AT CITY HALL COUNCIL CHAMBERS
MONDAY, DECEMBER 21, 2020, 7:00 P.M.**

The meeting was called to order at 7:00 p.m. by Mayor Quiram. Upon roll call, the following answered present, constituting a quorum: Council Members Ray Swanson, Ray Mabry, Hector Gomez, and Jerry Neumann. All present at the meeting offered the Pledge of Allegiance to the flag of the United States of America.

PUBLIC COMMENT: Gloria Duffin reviewed data and comments from citizens who favor the allowance of chickens in residential districts.

MOTION # 1: Neumann (2nd Swanson) that the printed copy of the minutes for the Regular Meeting of December 7, 2020, be approved.

VOTE # 1

ROLL CALL VOTE: Council Members Swanson, Gomez, Neumann, and Mayor Quiram voted Aye. Mabry abstained. Motion declared carried.

MOTION # 2: Neumann (2nd Swanson) that the bills and payrolls of the Department of Public Affairs and Department of Accounts and Finance, the Department of Streets and Public Improvements, the Department of Public Health and Safety, and the Department of Utilities and Public Properties, be allowed and paid.

VOTE # 2

ROLL CALL VOTE: Council Members Swanson, Mabry, Gomez, Neumann, and Mayor Quiram voted Aye. Motion declared carried.

Annual Audit Review

Matt Schueler, partner at Wipfli, who prepared the annual audit report, summarized the highlights of the audit for the fiscal year ending on 4-30-2020. He appeared remotely via Zoom. Technical difficulties pervaded the presentation but Mr. Schueler was able to give general impressions of the city's financial position. He pointed out the asset position of about \$102,000,000, mostly capital assets. Page 5 revealed net pension liabilities, non-current, of \$15.8 million and post-employment liabilities of \$7.9 million. Page 7 showed major funds, excluding electric and water/sewer, at \$4.8 million in assets with the general fund constitutes \$1.4 million of those assets. Page 9 showed net change in balance of governmental funds, excluding electric and water/sewer, of \$1.1 million more than the previous fiscal year and the general fund increased by about \$421,000. Page 13 showed net income in water/sewer increased by about \$743,000. Page 16 reported the assets of the Police and Fire pension funds of about \$18 million between the two funds. Page 28 footnote #3 indicated that debt had been properly collateralized. Page 34, footnote #6 indicated a charted breakdown of the three city pension plans (Police, Fire, and IMRF) showed the IMRF plan (including Perry Memorial Hospital) with a liability of \$4.9 million, or 93% funded. Police Pension had a liability of \$5.5 million or 62% funded, followed by the Fire Pension liability of \$8.4 million or 47% funded. Next, Schueler moved to page 57 stating that the city's Other Post-Employment Benefits (OPEB), such as health insurance, had a liability of \$7,890,748. Page 65 showed debt. In the

current fiscal year (2020-2021) the city will pay down about \$2.5 million in principle on the various debt instruments in place. The final page he noted was page 112, stating that Wipfli had no non-compliance findings. He then opened the floor to questions. Mabry asked about the level of reserves in the Electric Department. Schueler responded by taking the electric Net Position in the unrestricted line item of \$4,247,890 found on page 12, and dividing it by the electric Total Operating Expenses of \$10,629,932 found on page 13, then multiplying the quotient by 365 (days per year). Wipfli considered it economically healthy if at least 145 days of reserves were available. Currently, the Electric Department met that benchmark at 145.86 days of reserves.

MOTION # 3: Neumann (2nd Swanson) that Ordinance O-20-016 Levying Taxes for Corporate Purposes for the Fiscal Year Commencing on the First Day of May, 2021 and Ending on the Thirtieth day of April, 2022, for the City of Princeton, be approved.

VOTE # 3

ROLL CALL VOTE: Council Members Swanson, Mabry, Gomez, Neumann, and Mayor Quiram voted Aye. Motion declared carried.

CITY MANAGER REPORT: Theresa Wittenauer reported that December 31st would be the final opportunity to receive CURES reimbursement. She reported that the city had received its most recent allocation of \$316,000 from the program and is awaiting word on the last allotment she filed. She then announced the holiday garbage route schedules.

MAYOR COMMENTS: Mayor Quiram initiated a discussion regarding whether fowl should be allowed in residential areas of the city. He read the two references of fowl and/or poultry that currently were in the city code. City code restricts fowl and poultry to districts zoned as Agriculture. He posed different policies the city could adopt. One was to keep it as is, with no fowl in residential districts. The other was to allow some level of fowl in residential districts by developing and passing an ordinance with specific detail on what the rules would be. Neumann reinforced the idea of prohibiting fowl from residential districts. Mabry presented photos of property maintenance non-conformances around town as well as photos of properties displaying chicken coops. His commentary was that the property maintenance issues were far worse on the impact of neighborhood property values than the chicken coops. Accordingly, he suggested allowing fowl with a limit of 6 hens or ducks, no roosters, no geese, and free registration with the city. Swanson agreed on a compromise to allow a reasonable number of fowl. Gomez said that he would not be opposed to allowing fowl as long as the property owner responsibly maintains proper management of the fowl. Neumann mentioned that the city had an enforcement problem which gave owners too much assumption of freedom to do what they want. Quiram stated that homeowners needed to consider whether fair market values were able to be maintained if a prospective home buyer noticed fowl next door. He also agreed that the property maintenance issue also must be addressed. The Mayor declared that the consensus was to essentially adopt Mabry's suggestion.

Next, Mayor Quiram resurrected a discussion on closing a ½ block of Columbus St. to allow pedestrian uses and dining in the narrow parcel. He suggested that the closure would be temporary in order to evaluate the viability of the usage.

OLD BUSINESS: None.

NEW BUSINESS: None.

PUBLIC COMMENT: Gloria Duffin thanked the Council for its fair consideration of fowl. She further offered to assist in the development of the fowl ordinance when the time comes.

MOTION # 4: Neumann (2nd Swanson) that the Regular Meeting be adjourned. The next Regular Meeting of the City Council will be on Monday, January 4, 2021, 7:00 p.m. at City Hall.

VOTE # 4

ROLL CALL VOTE: Council Members Swanson, Mabry, Gomez, Neumann, and Mayor Quiram voted Aye. Motion declared carried. Adjournment at 7:52 p.m.

Submitted by:

Peter Nelson, City Clerk

City of Princeton
Public Affairs and Dept of Accounts and Finances
1/4/21

<u>GL Acct</u>	<u>Name</u>	<u>Total Cost</u>
01500 IT Department		
01-500-999	Amazon/SYNCB	9.59
01-500-999	Wal-Mart Community	24.88
01-500-803	Amazon/SYNCB	47.88
	Total IT Department	\$ 82.35
01900 Administration		
01-900-707	Health Alliance Medical Plans	(280.00)
01-900-751	SBM	5.09
01-900-906	TAMCO	14.44
01-900-906	Frontier	16.10
01-900-906	Frontier	16.10
01-900-773	Service Enterprises	23.00
01-900-752	Amazon/SYNCB	23.99
01-900-960	1st AYD Corporation	48.74
01-900-906	IL Valley Cellular	62.59
01-900-773	Service Enterprises	78.00
01-900-960	IVPM Inc	90.00
01-900-960	Whitlock Plumbing & Heating	100.00
01-900-906	TAMCO	115.52
01-900-707	Health Alliance Medical Plans	124.62
01-900-773	Getz Fire Equipment, Inc	166.00
01-900-910	Nicor	188.72
01-900-910	Nicor	271.37
01-900-773	Benefit Planning Consultants, Inc	296.50
01-900-910	Nicor	297.50
01-900-906	Frontier	305.89
01-900-725	Angel, Isaacson & Tracy	350.00
01-900-773	Bettasso Appraisal Service	425.00
01-900-960	1st AYD Corporation	442.44
01-900-707	Health Alliance Medical Plans	458.49
01-900-711	IMRF	1,281.72
01-900-703	Payroll Clearing	1,681.95
01-900-701	Payroll Clearing	3,200.80
	Total Administration	\$ 9,804.57
01000 Insurance		
01-000-228	CrossFit56	14.00
01-000-228	Anytime Fitness	35.00
01-000-228	Bureau Co Metro Center	196.00
	Total Insurance	\$ 245.00
01701 Tourism		
01-701-956	Napa Auto Parts	227.97
01-701-952	Fastenal Company	276.80
01-701-956	Taylor's Way	4,459.58
01-701-786	Princeton Chamber of Commerce	20,000.00
	Total Tourism	\$ 24,964.35
	TOTAL INVOICES	\$ 35,096.27

City of Princeton
Streets and Public Improvements
1/4/21

<u>GL Acct</u>	<u>Name</u>	<u>Total Cost</u>
01400 Street Department		
01-400-753	O'Reilly Auto Parts	6.82
01-400-753	O'Reilly Auto Parts	10.94
01-400-753	Amazon/SYNCB	14.48
01-400-745	Creations Unlimited	20.00
01-400-753	Heartland Visa	20.63
01-400-773	Service Enterprises	23.00
01-400-773	Service Enterprises	23.00
01-400-753	Amazon/SYNCB	28.99
01-400-773	Service Enterprises	33.00
01-400-745	Tractor Supply Company Credit	34.99
01-400-906	Frontier	40.87
01-400-753	Amazon/SYNCB	49.98
01-400-753	Heartland Visa	50.00
01-400-906	TAMCO	50.54
01-400-773	AUCA Chicago MC Lockbox	57.76
01-400-745	Tractor Supply Company Credit	62.37
01-400-906	Frontier	96.59
01-400-762	Napa Auto Parts	99.31
01-400-752	Wal-Mart Community	104.13
01-400-752	UniFirst First Aid	135.22
01-400-753	O'Reilly Auto Parts	135.88
01-400-773	Republic Services #792	156.14
01-400-801	Tapco Safe Travels	190.34
01-400-821	Certified Laboratories	208.66
01-400-745	Creations Unlimited	220.00
01-400-699	Amazon/SYNCB	224.85
01-400-906	IL Valley Cellular	254.29
01-400-910	Nicor	264.52
01-400-809	Princeton Redi-Crete, Inc	334.60
01-400-801	Tapco Safe Travels	385.75
01-400-801	Michael Todd and Co., Inc.	511.45
01-400-753	Heartland Visa	695.00
01-400-764	Whitlock Plumbing & Heating	782.00
01-400-707	Health Alliance Medical Plans	858.42
01-400-703	PeopleLink LLC	1,156.32
01-400-764	Lilley Gutter Service	1,540.00
01-400-764	Whitlock Plumbing & Heating	3,341.00
01-400-711	IMRF	5,875.68
01-400-701	Payroll Clearing	16,976.13
	Total Street Department	\$ 35,073.65

City of Princeton
Streets and Public Improvements
1/4/21

05321 Wastewater Collection

05-321-757	Tractor Supply Company Credit	14.99
05-321-752	United Parcel Service	33.16
05-321-906	TAMCO	36.10
05-321-910	Nicor	38.87
05-321-757	Airgas USA, LLC	39.53
05-321-761	Heartland Visa	47.45
05-321-831	TEST, Inc.	73.00
05-321-906	Frontier	80.50
05-321-906	Frontier	85.25
05-321-752	United Parcel Service	93.14
05-321-906	IL Valley Cellular	117.38
05-321-702	Payroll Clearing	251.88
05-321-831	TEST, Inc.	468.00
05-321-831	Environmental Consulting	650.00
05-321-865	Utility Equipment Co.	1,206.00
05-321-711	IMRF	4,421.31
05-321-701	Payroll Clearing	11,763.20

Total Wastewater Collection \$ 19,419.76

05323 Wastewater Administration

05-323-773	NCICG	4,500.00
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Total Wastewater Administration \$ 4,500.00

City of Princeton
Streets and Public Improvements
1/4/21

08000 Cemetery

08-000-761	O'Reilly Auto Parts	4.10
08-000-761	O'Reilly Auto Parts	11.75
08-000-906	TAMCO	14.44
08-000-906	Payroll Clearing	20.00
08-000-745	Tractor Supply Company Credit	30.58
08-000-910	Nicor	65.09
08-000-702	Payroll Clearing	81.00
08-000-765	Tri-Con Materials, Inc	100.80
08-000-752	Wal-Mart Community	104.14
08-000-745	Creations Unlimited	127.50
08-000-761	Napa Auto Parts	135.24
08-000-761	Napa Auto Parts	167.67
08-000-711	IMRF	903.93
08-000-703	PeopleLink LLC	1,904.76
08-000-701	Payroll Clearing	3,532.00

Total Cemetery	\$	7,203.00
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06331 Garbage Expenditures

06-331-761	Heartland Visa	29.70
06-331-745	Creations Unlimited	40.00
06-331-761	Heartland Visa	79.68
06-331-761	Napa Auto Parts	98.31
06-331-752	Wal-Mart Community	104.13
06-331-702	Payroll Clearing	252.41
06-331-707	Health Alliance Medical Plans	915.00
06-331-711	IMRF	1,618.73
06-331-701	Payroll Clearing	5,066.73

Total Garbage Expenditures	\$	8,204.69
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TOTAL INVOICES	\$	74,401.10
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City of Princeton
Public Health, Safety and Civil Defense
1/4/21

<u>GL Acct</u>	<u>Name</u>	<u>Total Cost</u>
01100 Police Department		
01-100-906	Payroll Clearing	20.00
01-100-752	Wal-Mart Community	35.80
01-100-761	Heartland Visa	74.35
01-100-906	Frontier	85.26
01-100-761	Heartland Visa	95.57
01-100-761	Heartland Visa	104.98
01-100-703	PeopleLink LLC	175.50
01-100-910	Nicor	178.55
01-100-906	TAMCO	187.72
01-100-773	Getz Fire Equipment, Inc	208.00
01-100-906	IL Valley Cellular	324.67
01-100-910	Nicor	362.18
01-100-906	Frontier	418.58
01-100-703	PeopleLink LLC	565.50
01-100-703	Payroll Clearing	772.50
01-100-923	McCutchan, Julia	800.00
01-100-702	Payroll Clearing	918.97
01-100-707	Health Alliance Medical Plans	1,244.65
01-100-711	IMRF	1,278.70
01-100-764	Elmore Electric, Inc.	3,681.85
01-100-773	BuEComm	8,925.00
01-100-701	Payroll Clearing	47,045.96
	Total Police Department	\$ 67,504.29

City of Princeton
Public Health, Safety and Civil Defense
1/4/21

01200 Fire/Ambulance Department

01-200-752	Wal-Mart Community	3.92
01-200-762	United Parcel Service	4.02
01-200-762	United Parcel Service	4.06
01-200-906	IL Valley Cellular	7.82
01-200-752	Wal-Mart Community	15.46
01-200-764	Wal-Mart Community	25.43
01-200-762	Air One	40.00
01-200-754	SJSmith Co Inc	65.53
01-200-906	TAMCO	151.62
01-200-754	Emergency Medical Product, Inc	159.90
01-200-762	Sensit Technologies	244.86
01-200-711	IMRF	
01-200-754	Emergency Medical Product, Inc	319.80
01-200-906	Frontier	341.20
01-200-761	Jerrys Transmission Service, Inc	531.77
01-200-707	Health Alliance Medical Plans	683.50
01-200-703	Payroll Clearing	2,644.00
01-200-702	Payroll Clearing	2,873.86
01-200-701	Payroll Clearing	38,386.45
Total Fire/Ambulance Department		\$ 46,503.20
TOTAL INVOICES		\$ 114,007.49

City of Princeton
Public Property Utilities
1/4/21

<u>GL Acct</u>	<u>Name</u>	<u>Total Cost</u>
03301 Electric Generation		
03-301-762	Wheeler World, Inc	(283.00)
03-301-762	Tractor Supply Company Credit	8.49
03-301-906	TAMCO	36.10
03-301-906	Frontier	96.85
03-301-752	Lawson Products, Inc.	178.05
03-301-762	McMaster-Carr Supply Co.	261.04
03-301-762	Swagelok	336.33
03-301-762	Wheeler World, Inc	914.25
03-301-752	Swagelok	1,053.39
03-301-707	Health Alliance Medical Plans	1,241.77
03-301-752	Kimball Midwest	1,289.45
03-301-910	Symmetry Energy Solutions, LLC	1,386.23
03-301-752	IL Office State Fire Marshal	1,615.00
03-301-711	IMRF	7,016.54
03-301-701	Payroll Clearing	20,074.40
	Total Electric Generation	\$ 35,224.89
03302 Electric Distribution		
03-302-956	Crescent Electric Supply Co.	1.32
03-302-751	Amazon/SYNCB	7.69
03-302-751	Amazon/SYNCB	10.95
03-302-762	Amazon/SYNCB	16.82
03-302-906	TAMCO	21.66
03-302-762	Amazon/SYNCB	25.08
03-302-956	Crescent Electric Supply Co.	26.90
03-302-762	Crescent Electric Supply Co.	30.46
03-302-745	Petty Cash Fund	35.74
03-302-906	Frontier	48.30
03-302-906	Frontier	85.26
03-302-761	Amazon/SYNCB	92.15
03-302-762	Ameren	95.52
03-302-715	Payroll Clearing	115.38
03-302-761	Napa Auto Parts	125.34
03-302-762	Republic Services #792	156.15
03-302-906	Michlig Energy	199.31
03-302-762	American Public Power Assoc.	252.00
03-302-762	Clegg-Perkins Electric	276.00
03-302-906	IL Valley Cellular	413.83
03-302-762	Anixter Inc	487.51
03-302-762	Clegg-Perkins Electric	952.40
03-302-707	Health Alliance Medical Plans	1,303.24
03-302-762	Clegg-Perkins Electric	2,080.00
03-302-762	Clegg-Perkins Electric	2,438.80
03-302-762	Clegg-Perkins Electric	6,687.78
03-302-711	IMRF	8,206.20
03-302-701	Payroll Clearing	24,892.13
03-302-762	Clegg-Perkins Electric	35,805.49
	Total Electric Distribution	\$ 84,889.41

City of Princeton
Public Property Utilities
1/4/21

03303 Electric Administration

03-303-906	TAMCO	14.44
03-303-906	Payroll Clearing	20.00
03-303-751	SBM	57.90
03-303-773	Azavar Audit	92.61
03-303-707	Health Alliance Medical Plans	264.11
03-303-720	US Postmaster	588.53
03-303-773	Bureau Co Metro Center	1,000.00
03-303-773	Lauterbach & Amen	5,125.00
03-303-711	IMRF	5,146.51
03-303-701	Payroll Clearing	12,057.85

Total Electric Administration	\$	24,366.95
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03304 Telecommunications

03-304-852	Amazon/SYNCB	39.98
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Total Telecommunications	\$	39.98
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City of Princeton
Public Property Utilities
1/4/21

04311 Water Treatment

04-311-752	United Parcel Service	5.56
04-311-761	Napa Auto Parts	14.76
04-311-761	Napa Auto Parts	21.70
04-311-752	Wal-Mart Community	50.16
04-311-906	TAMCO	79.42
04-311-906	Frontier	85.26
04-311-831	PDC Laboratories, Inc	120.00
04-311-773	Republic Services #792	156.15
04-311-906	IL Valley Cellular	167.36
04-311-906	Frontier	242.30
04-311-752	Red Bud Supply	366.59
04-311-910	Nicor	386.84
04-311-910	Nicor	709.73
04-311-707	Health Alliance Medical Plans	837.08
04-311-702	Payroll Clearing	842.46
04-311-831	A+ Distributing, LLC	1,223.87
04-311-952	United Systems & Software, Inc	1,890.53
04-311-821	Rowell Chemical Corp	2,457.23
04-311-711	IMRF	6,490.64
04-311-821	Brenntag Mid-South, Inc.	7,187.86
04-311-701	Payroll Clearing	16,416.64

Total Water Treatment	\$	39,752.14
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04313 Water Administration

04-313-715	Payroll Clearing	115.38
04-313-702	Payroll Clearing	26.22
04-313-711	IMRF	600.48
04-313-701	Payroll Clearing	1,864.80

Total Water Administration	\$	2,606.88
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TOTAL INVOICES	\$	186,880.25
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ORDINANCE NO. O-21-001

AN ORDINANCE OF THE CITY OF PRINCETON, BUREAU COUNTY, ILLINOIS AUTHORIZING THE CITY TO ENTER INTO AN AFFILIATION AGREEMENT WITH OSF REGARDING PERRY MEMORIAL HOSPITAL

Whereas, the City of Princeton, Illinois (the “City”) is an Illinois municipal corporation;
and

Whereas, pursuant to Division 23 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-23-1 et. seq) (the “Code”) the City owns The Julia Rackley Perry Memorial Hospital, an Illinois critical access hospital located in Princeton, Illinois and one or more other facilities at which ambulatory health care services are provided (hereinafter collectively described as “Perry Memorial Hospital”); and

Whereas, Perry Memorial Hospital has been operated by a Board of Directors (the “Perry Board”); and

Whereas, the Perry Board has contemplated various strategic options with respect to the future of Perry Memorial Hospital in order to enhance the efficient delivery of healthcare in the community served by Perry Memorial Hospital; and

Whereas, OSF Healthcare System is an Illinois not for profit corporation which owns and operates hospitals and other healthcare facilities (“OSF”); and

Whereas, the Perry Board determined that in order to preserve and enhance the delivery of healthcare in the communities served by Perry Memorial Hospital, it is in the best interest of the community to enter into an affiliation agreement with OSF in the form of that attached hereto as Exhibit A (hereinafter the “Affiliation Agreement”); and

Whereas, Section 11-23-3 of the Code provides that in the event the corporate authorities of a city that has established a public hospital determine that the hospital is no longer needed for the purposes for which it was established or that those purposes would be better served through the operation of the city hospital by a corporation, hospital, healthcare facility, unit of local government or institution of higher education, the corporate authorities of the city, by ordinance, may authorize the transfer, sale or lease of the hospital to such corporation, hospital, healthcare facility, unit of local government or institution of higher education within or without the corporate limits of the city upon such terms and under such conditions as the corporate authorities may deem proper; and

Whereas, Section 11-23-3 of the Code further provides that at least ten (10) days prior to the adoption of an ordinance under section 11-23-3 of the Code, the corporate authorities shall make the proposed ordinance conveniently available for public inspection and shall hold at least one public hearing thereon, with notice of the hearing being published in one or more newspapers in the city at least ten (10) days prior to the time of the public hearing; and

Whereas, pursuant to Section 11-23-3 of the Code, the City caused publication of a Notice of Public Hearing Concerning the Intent of the City Council of the City of Princeton, Bureau County, Illinois, to Transfer Perry Memorial Hospital to OSF Healthcare System in the December 23, 2020, edition of *Bureau County Republican* providing for a public hearing on January 4, 2021, at 7:00 p.m. (the "Public Hearing"); and

Whereas, on January 4, 2021, the City conducted the Public Hearing; and

Whereas, the corporate authorities of the City appreciate the thorough analysis undertaken by the Perry Board in regard to their determination that it is in the best interest of the community served by Perry Memorial Hospital that the Affiliation Agreement be entered into; and

Whereas, the City has also contemplated various strategic options with respect to the future of Perry Memorial Hospital in order to enhance the efficient delivery of healthcare in the community served by Perry Memorial Hospital and, in that regard, have considered the nature of the healthcare industry and the efficiencies to be brought about and additional services to be made available through affiliation with a hospital such as OSF; and

Whereas, the corporate authorities of the City find that the purposes for which Perry Memorial Hospital was established would be better served through the operation of Perry Memorial Hospital by OSF in accordance with the Affiliation Agreement.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PRINCETON, BUREAU COUNTY, ILLINOIS AS FOLLOWS:

- Section 1: The findings and recitations hereinabove set forth are adopted and found to be true and correct.
- Section 2: The City Council of the City of Princeton hereby authorizes and directs the Mayor and City Clerk of the City to execute, attest and deliver the Affiliation Agreement, in the form of that attached hereto as Exhibit A, together with such changes therein as the Mayor, in his discretion, shall approve.
- Section 3. The Mayor, City Manager and City Clerk are hereby authorized to take such further actions and execute such further documents as are necessary or convenient for the City to carry out its obligations under the Affiliation Agreement.
- Section 4. This Ordinance is in addition to all other ordinances on the subject and shall be construed therewith, excepting as to that part in direct conflict with any other ordinance and in the event of such conflict, the provisions hereof shall govern.
- Section 5. The City Clerk of the City of Princeton is hereby directed to publish this Ordinance in pamphlet form and thereafter maintain at least three (3) copies of same available for public inspection in the City Clerk's Office.
- Section 6. This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF PRINCETON, BUREAU COUNTY,
ILLINOIS AT A REGULARLY SCHEDULED MEETING OF THE CITY COUNCIL
PUBLICLY HELD ON THE 18th DAY OF JANUARY, 2021.

Mayor

Ayes: _____

Nays: _____

Absent: _____

Introduced before the City Council on the 4th day of January, 2021

Recorded in the City Records on _____.

Published in pamphlet form by authority of the Corporate Authorities on _____.

Attest:

City Clerk

[Seal]

AFFILIATION AGREEMENT
AMONG
OSF HEALTHCARE SYSTEM,
THE CITY OF PRINCETON
AND
PERRY MEMORIAL HOSPITAL FOUNDATION
DATED [REDACTED], 2021

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AFFILIATION AGREEMENT

This AFFILIATION AGREEMENT (“**Agreement**”), is entered into as of the [REDACTED] day of [REDACTED], 2021 (“**Execution Date**”) by and among the CITY OF PRINCETON, a municipal corporation (“**Princeton**”), the PERRY MEMORIAL HOSPITAL FOUNDATION, an Illinois not-for-profit corporation (“**PMH Foundation**”) and OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation (“**OSF**”). The foregoing are collectively referred to herein as “**Parties**” and each as a “**Party**.”

RECITALS

- A. Princeton is an Illinois municipal corporation which owns The Julia Rackley Perry Memorial Hospital, an Illinois critical access hospital located in Princeton, Illinois (“**Perry Memorial Hospital**”) and operates one or more other facilities listed on Exhibit A (“**PMH Ambulatory Sites**”) at which ambulatory health care services are provided by employed or contracted physicians and advanced practitioners;
- B. OSF is an Illinois not for profit corporation which owns and operates hospitals and other healthcare facilities;
- C. Princeton has contemplated strategic options and has determined that the transaction described in this Agreement (“**Transaction**”) will maintain access to local care and continue the mission of Perry Memorial Hospital in the communities served thereby;
- D. The mission of OSF is to serve persons with the greatest of care and love in a community that celebrates the gift of life;
- E. In furtherance of its mission, OSF intends to engage in the Transaction in order to preserve and enhance the delivery of healthcare in the communities served by Perry Memorial Hospital;
- F. OSF and Perry Memorial Hospital entered into a Letter of Intent dated as of February 24, 2020 (“**Letter of Intent**”), pursuant to which they set forth their preliminary understandings and agreements regarding the nature and terms of the Transaction; and
- G. As contemplated by the Letter of Intent, the Parties wish to set forth the full and complete binding terms of their agreement with respect to the Transaction between and among them and related matters.

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

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1. Definitions

All capitalized terms used in this Agreement shall have the meanings ascribed to them in Exhibit 1.1, unless the usage or context requires another meaning.

Section 1.2. Rules of Interpretation

The following rules of interpretation shall apply to this Agreement.

- (a) The words “**thereof**”, “**herein**”, “**hereunder**” and other words of similar import refer to this Agreement as a whole. The word “**Parties**” shall refer to all entities executing this Agreement or, where the context or use indicates, two or more of those entities.
- (b) The headings of the Articles, Sections and other subdivisions of this Agreement are for convenience of reference only and shall not define or limit or control the interpretation of the provisions of this Agreement; provided, however, the Recitals shall be included in this Agreement as if restated in full.
- (c) Unless otherwise specified, references to Articles, Sections and other subdivisions of this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement as originally executed.
- (d) References in this Agreement to the masculine gender shall include the feminine gender and the neuter gender and vice versa unless the context or use indicates otherwise. References in this Agreement to the singular shall include the plural and vice versa unless the context or use indicates otherwise.
- (e) References in this Agreement to “**Exhibits**” are to the exhibits attached to this Agreement and references to “**Disclosures**” are to the disclosures described in Section 2.10 of this Agreement. All Exhibits and Disclosures are incorporated into and made a part of this Agreement.

ARTICLE II

THE TRANSACTION

Section 2.1. Purchased Assets. On the Closing Date, upon the terms and subject to the conditions set forth in this Agreement, Princeton hereby agrees to sell, convey, assign, transfer and deliver to OSF, and OSF hereby agrees to purchase and accept from Princeton, the following assets, properties and rights, which constitute substantially all the assets, properties and rights related to Perry Memorial Hospital and the PMH Ambulatory Sites (collectively, the “**Purchased Assets**”):

- 2.1.1. Real Property. Pursuant to the terms of a Purchase and Sale Agreement for Real Estate, in the form attached hereto as Exhibit 2.1.1 (the “**Real Estate Purchase Agreement**”), which Real Estate Purchase Agreement has been executed concurrently with this Agreement, the real property legally described in the Real Estate Purchase Agreement, together with all buildings, structures, fixtures (including, without limitation, heating, air conditioning, electrical and plumbing equipment) and improvements located thereon (collectively, the “**Owned Real Estate**”);
- 2.1.2. Personal Property.
- 2.1.2.1 Furniture, Fixtures and Equipment. All equipment, furnishings and furniture owned by Princeton and used in the operation of the inpatient and outpatient services of Perry Memorial Hospital and the PMH Ambulatory Sites, including the property identified on Exhibit 2.1.2.1 attached hereto (“**Equipment**”);
- 2.1.2.2 Inventory, Supplies and Drugs. All usable office and medical inventory and supplies (“**Supplies**”) and usable pharmaceuticals and drugs owned by Princeton (“**Drugs**”) which are on hand as of the Effective Time and used in the operation of the inpatient and outpatient services of Perry Memorial Hospital and the PMH Ambulatory Sites;
- 2.1.2.3 Contracts. All rights of Princeton and Perry Memorial Hospital under the contracts, agreements, real estate leases and equipment leases relating to the operation of Perry Memorial Hospital and the PMH Ambulatory Sites identified in Exhibit 2.1.2.3 attached hereto, including prepaid expenses related to such contracts and agreements, which shall be assigned by Princeton and Perry Memorial Hospital and assumed by OSF as of the Effective Time (“**Assigned Contracts**”);
- 2.1.2.4 Licenses and Permits. The licenses, permits, provider numbers and accreditations related to Perry Memorial Hospital and the PMH Ambulatory Sites, including those identified on Exhibit 2.1.2.4 attached hereto (“**Licenses and Permits**”);
- 2.1.2.5 Documents and Records. All of the books and records (other than those required by law to be retained by Princeton or Perry Memorial Hospital, as applicable, which shall be made available to OSF for copying or in electronic form, depending upon the manner such records are maintained) relating to the Purchased Assets, including, but not limited to: all patient medical charts and records relating to the care and treatment of patients of Perry Memorial Hospital and the PMH Ambulatory Sites; policies and procedure manuals relating to the operation of Perry Memorial Hospital and the PMH Ambulatory Sites; purchase records, manuals, service literature; and documents relating to the ownership, use, possession, maintenance, or repair of any of the Purchased Assets, such as warranties,

specifications, surveys, technical drawings, maintenance and repair records (“**Documents and Records**”);

2.1.2.6 Telephone and Fax Numbers. The rights of Princeton and Perry Memorial Hospital, as applicable, relating to all telephone and fax numbers used in connection with Perry Memorial Hospital and the PMH Ambulatory Sites, including those identified on Exhibit 2.1.2.6 (“**Telephone and Fax Numbers**”);

2.1.2.7 Intellectual Property. All trademarks, trade names, domain names, slogans, logos, service marks, copyrights, patents, pending patent applications, shop-rights, know-how, trade secrets, computer programs and computer software and the like (whether registered or unregistered) and other items commonly known as intellectual property, and any license to use any of the foregoing (“**Intellectual Property**”), owned by Princeton and used in the operation of Perry Memorial Hospital and the PMH Ambulatory Sites, of which all registered Intellectual Property and material unregistered Intellectual Property is identified on Exhibit 2.1.2.7;

2.1.2.8 Cash, Cash Equivalents and Short Term and Long Term Investments. All restricted and unrestricted cash, cash equivalents and short term and long term investments and investment instruments, including certificates of deposit, whether on hand or in banks or other depositories of Princeton (“**Cash and Investments**”);

2.1.2.9 Accounts Receivable. All accounts receivable, notes receivable, negotiable instruments, chattel paper, payments, and reimbursements of Perry Memorial Hospital, including amounts due from third party payers, and accounts receivable from patients and other third parties (“**Accounts Receivable**”);

2.1.2.10 Clinical Trials. To the extent legally transferable by Princeton and Perry Memorial Hospital, as applicable, to OSF, all benefits, including any and all intangible property rights, arising under or related to clinical investigations conducted by Perry Memorial Hospital and the PMH Practice Sites, whether independent or sponsored, of any healthcare product, including but not limited to pharmaceutical products, nutritional products, durable medical equipment, or surgical equipment, which clinical trials are identified on Exhibit 2.1.2.10; and

2.1.2.11 Other Intangibles. Perry Memorial Hospital’s work force in place and goodwill associated with Perry Memorial Hospital.

Section 2.2. PMH Foundation. Subject to approval of the Illinois Attorney General, as of or prior to the Effective Time, PMH Foundation shall transfer or cause the transfer to OSF Healthcare Foundation all funds, securities and other assets held by the PMH Foundation, including any funds, securities, and other assets which are donor restricted, including but not limited to restrictions for

use in support of Perry Memorial Hospital, and which are identified on Exhibit 2.2 attached hereto (“**Restricted Foundation Funds**”).

Section 2.3. Excluded Assets. Only the Purchased Assets are a part of the sale and purchase contemplated hereunder, and all assets of Princeton other than the Purchased Assets shall remain the property of Princeton on and after the Effective Time, including but not limited to the following (collectively, the “**Excluded Assets**”):

2.3.1. Assets Not Used In Hospital Operations. Assets owned by Princeton that are not used in the operation of Perry Memorial Hospital, consisting of the following:

2.3.1.1 Residential property located at 902 S. Fifth Street, Princeton, Illinois (PIN 1616454007);

2.3.1.2 Lot located on South 5th Street, Princeton, Illinois (East ½ of lot; PIN 1616476029); and

2.3.1.3 Property at 503 Park Avenue East, Princeton, Illinois (PIN 1616408010).

2.3.2. Other Assets. Any other asset, which is not a Purchased Asset. The Parties acknowledge that they intend for there to be no other Excluded Assets.

Section 2.4. Assumed Liabilities. Except for the Excluded Liabilities (defined below), OSF will assume all other liabilities arising from or relating to the operations of Perry Memorial Hospital or the PMH Ambulatory Sites, and shall take full responsibility for, and shall assume, pay for or otherwise perform all debts, obligations or liabilities of Perry Memorial Hospital and of Princeton, to the extent such debts, obligations or liabilities relate to Perry Memorial Hospital or the PMH Ambulatory Sites, whether accrued, contingent, known, unknown or otherwise, and whether occurring prior to or after the Effective Time, including but not limited to the following liabilities and obligations (“**Assumed Liabilities**”):

2.4.1. Liability for Claims. Any liability or obligation arising out of or related to services provided in the operation of Perry Memorial Hospital and the PMH Ambulatory Sites, including without limitation claims for personal injury, breach of contract and violation of Applicable Law, whether a claim is made seeking compensation or recovery for or related to injury to person, damage to property, imposition of fines or penalties, equitable or any other relief or remedy.

2.4.2. Contract Liabilities. All obligations and liabilities of Princeton under or in respect of the Assigned Contracts.

2.4.3. Permits. Liabilities of Princeton and Perry Memorial Hospital, as applicable, under any Permits and Environmental Permits which were issued to Perry Memorial Hospital in the ordinary course of business prior to the Effective Time and which are assigned or transferred to OSF pursuant to the provisions hereof.

2.4.4. Debt. In addition to liabilities under the Assigned Contracts, indebtedness of Princeton and Perry Memorial Hospital:

- 2.4.4.1 In the amount of \$3,700,000¹ to Central Bank Illinois, 317 S. Main Street, Princeton, Illinois, secured by a mortgage on Perry Memorial Family Health Clinic facility located at 535 Park Avenue East, Perry, Illinois;
- 2.4.4.2 In the amount of \$4,424,500 to the PPP Lender under the PPP Loan; and
- 2.4.4.3 In the amount of \$7,607,738.51, to the Centers for Medicare and Medicaid Services (CMS) for Medicare Advance Payments received the from CMS under the CARES Act.

Section 2.5. Excluded Liabilities. Princeton shall be liable for, and shall promptly pay and discharge, when due, the following obligations and liabilities (the “**Excluded Liabilities**”), which shall not be assumed by OSF:

- 2.5.1. Liabilities Related to Excluded Assets. All obligations and liabilities which relate to the Excluded Assets;
- 2.5.2. Unassumed Contracts, Leases, Commitments and Agreements. Any liabilities or obligations arising under any contracts, loan agreements or other funded or unfunded bank debt, leases, commitments or other agreements and/or contracts, written or oral other than the Assigned Contracts; and
- 2.5.3. Transactional Costs. Except as provided in Section 13.12, any fees and expenses incurred by Princeton in connection with negotiating, preparing, closing, and carrying out this Agreement and the Transaction, including but not limited to the fees, disbursements, and expenses of Princeton’s attorneys, accountants, consultants and investment bankers.

Section 2.6. No Expansion of Third Party Rights. The assumption by OSF of the Assumed Liabilities shall not expand the rights or remedies of any third party against OSF as compared to the rights and remedies which such third party would have had against Princeton and/or Perry Memorial Hospital had OSF not assumed the Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by OSF of the Assumed Liabilities shall not create any third party beneficiary rights.

Section 2.7. Closing. The consummation of the Transaction (“**Closing**”) shall occur on [REDACTED], 2021 (“**Closing Date**”),² at the offices of Hinshaw & Culbertson LLP, 222 North LaSalle Street, Suite 300, Chicago, Illinois or such other date or location as mutually agreed upon by the Parties, provided that the conditions of Closing set forth in ARTICLE VIII and ARTICLE IX have been satisfied or waived by the Parties. If the Parties have not obtained all Regulatory Approvals and Canonical Approvals on or prior to the Closing Date, but all other required conditions to the Closing have been satisfied or waived by the Parties, then the Closing Date shall be extended until all Regulatory Approvals and Canonical Approvals have been

¹ The amount will decrease between now and the Effective Time. The amount can be estimated and adjusted once the Effective Time is known. The initial debt was \$4,000,000, for 10 years, at 4.25%. The lender is Central Bank Illinois.

² Target is the date six months following the Execution Date

obtained; provided that if all Regulatory Approvals and Canonical Approvals have not been obtained within one hundred twenty (120) days after the initial scheduled Closing Date, either OSF or Princeton may terminate this Agreement, without liability of any Party to the other Parties, upon five (5) days prior written notice. The Transaction shall be effective as of 12:00 a.m., Central Standard Time or Central Daylight Time, as applicable, **[on _____, 2021 unless otherwise mutually agreed upon by the Parties]** unless otherwise mutually agreed upon by the Parties (“Effective Time”).

Section 2.8. Closing Deliveries. At the Closing, the deliveries specified by Section 2.9 shall be made by the applicable Parties. All proceedings to be taken and all documents to be executed or delivered at the Closing shall be deemed to have been taken, executed and delivered simultaneously, and no proceedings shall be deemed to be taken and no documents shall be deemed to be executed or delivered at the Closing until all have been taken, executed and delivered.

Section 2.9. Closing Deliveries.

2.9.1. Princeton Closing Deliveries. At, or prior to the Closing, Princeton will deliver or cause to be delivered to OSF the following, and such other documents as are reasonably required in order to effect the transactions contemplated hereby, all of which shall be in form and substance reasonably satisfactory to OSF’s counsel:

2.9.1.1 A certificate of the Mayor of Princeton, dated as of the Closing Date, certifying that:

- (i) the representations and warranties by Princeton contained in Section 3.1, 3.2, and 3.3 are true and correct as of the Execution Date and as of the Closing Date (or, if any such representation or warranty is untrue in any respect, specifying the respect in which the same is untrue, provided that OSF shall not be deemed to have waived any rights or remedies with respect to such untrue representations or warranties unless it has expressly waived them in writing);
- (ii) all of the obligations to be performed by Princeton at or before the Closing Date have been performed (or waived in writing by OSF); and
- (iii) all documents to be executed and delivered by Princeton at the Closing have been executed by duly authorized persons of Princeton;

2.9.1.2 A certificate of the President of the Board of Directors of Perry Memorial Hospital, dated as of the Closing Date, certifying that:

- (i) the representations and warranties by Princeton concerning Perry Memorial Hospital are true and correct as of the Closing Date as if then originally made (or, if any such representation or warranty is untrue in any respect, specifying the respect in which the same is

untrue, provided that OSF shall not be deemed to have waived any rights or remedies with respect to such untrue representations or warranties unless it has expressly waived them in writing);

- (ii) all of the obligations to be performed by Perry Memorial Hospital at or before the Closing Date have been performed (or waived in writing by OSF); and
 - (iii) all documents to be executed and delivered by Perry Memorial Hospital at the Closing have been executed by duly authorized officers of the Board of Directors of Perry Memorial Hospital.
- 2.9.1.3 A certificate of the Secretary of the Board of Directors of Perry Memorial Hospital, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of the Board of Directors of Perry Memorial Hospital recommending this Agreement and the Related Agreements for approval by the City Council of Princeton;
- 2.9.1.4 A certificate of the Mayor of Princeton, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the ordinance duly adopted by the City Council of Princeton in accordance with applicable law approving the Transaction and approving this Agreement and the Related Agreements and their execution and delivery;
- 2.9.1.5 A copy of Perry Memorial Hospital's Bylaws, certified by the Secretary of the Board of Directors of Perry Memorial Hospital;
- 2.9.1.6 An incumbency and specimen signature certificate with respect to the authorized personnel executing any document delivered by Princeton or the Board of Directors of Perry Memorial Hospital hereunder or in connection with the Transaction contemplated hereby;
- 2.9.1.7 Transfer to OSF of all Cash and Investments;
- 2.9.1.8 One or more duly executed assignments of the Accounts Receivable, in the form attached hereto as Exhibit 2.9.1.8;
- 2.9.1.9 Duly executed Bill of Sale conveying the Purchased Assets to OSF, in the form attached hereto as Exhibit 2.9.1.9;
- 2.9.1.10 Duly executed Assignment and Assumption Agreement relating to the Assigned Contracts, in the form attached hereto as Exhibit 2.9.1.10 ("**Assignment and Assumption Agreement**");
- 2.9.1.11 Evidence of required notifications and receipt of required consents related to the Assigned Contracts listed in Exhibit 2.9.1.11;

- 2.9.1.12 Evidence of termination of employment of, and all employment agreements with, those physicians and mid-level providers who provided services to Perry Memorial Hospital or the PMH Ambulatory Sites prior to the Closing Date and to whom an OSF Employer made an offer of employment;
- 2.9.1.13 Evidence of the limited release and/or waiver by Princeton or Perry Memorial Hospital, as applicable, from any covenant not to compete or other restriction imposed on any physician or mid-level provider under Section 2.9.1.12 necessary to permit each such physician and/or mid-level provider to provide services as an employee of an OSF Employer;
- 2.9.1.14 Letters of Clearance from the Illinois Department of Employment Security setting forth any benefit reimbursements, contributions, interest, or penalties (“**Unemployment Insurance Amount**”) owed by Princeton or Perry Memorial Hospital relating to Perry Memorial Hospital, or certificates from the Director of Employment Security stating that no benefit reimbursements, contributions, interest, or penalties relating to Perry Memorial Hospital are owed;
- 2.9.1.15 A copy of the Notices of Sale/Purchase of Business Assets submitted to the Illinois Department of Revenue (Bulk Sales Unit) pursuant to Section 9.02(d) of the Illinois Income Tax Act (35 ILCS 5/902) and Section 444(j) of the Retailers Occupational Tax Act (35 ILCS 120/5j), together with evidence of proper filing of such notices with the Illinois Department of Revenue by Princeton and/or Perry Memorial Hospital, together with the Illinois Department of Revenue’s release of OSF from all transferee liability for all tax and other obligations of Perry Memorial Hospital and/or Princeton relating to Perry Memorial Hospital under said Acts;
- 2.9.1.16 All required Regulatory Approvals;
- 2.9.1.17 All Documents and Records;
- 2.9.1.18 Evidence satisfactory to OSF that Princeton or Perry Memorial Hospital has, prior to the Closing Date, completed and submitted to the PPP Lender a PPP Loan forgiveness application together with all supporting documentation in form and substance acceptable to PPP Lender;
- 2.9.1.19 Evidence satisfactory to OSF that Princeton or Perry Memorial Hospital has deposited with the PPP Lender an amount equal to the outstanding balance of the PPP Loan as of the Closing Date, to be held by the PPP Lender and disbursed in accordance with the terms of the escrow agreement in the form attached hereto as Exhibit 2.9.1.19;
- 2.9.1.20 Resignations of all members and officers of the Board of Directors of Perry Memorial Hospital, effective as of the Effective Time; and

- 2.9.1.21 Without limitation by the specific enumeration of the foregoing, all other documents reasonably required from Princeton and Perry Memorial Hospital, as applicable, to consummate the Transaction contemplated hereby.
- 2.9.2. PMH Foundation Closing Deliveries. At or prior to the Closing, PMH Foundation will deliver or cause to be delivered to OSF the following, and such other documents as are reasonably required in order to effect the transactions contemplated hereby, all of which shall be in form and substance reasonably satisfactory to OSF's counsel:
- 2.9.2.1 All funds, securities and other assets held by the PMH Foundation, including the Restricted Foundation Funds; and
- 2.9.2.2 Without limitation by the specific enumeration of the foregoing, all other documents reasonably required from PMH Foundation to consummate the transaction contemplated hereby.
- 2.9.3. OSF Closing Deliveries. At or prior to the Closing, OSF will deliver or cause to be delivered to Princeton the following, and such other documents as are reasonably required in order to effect the transactions contemplated hereby, all of which shall be in form and substance reasonably satisfactory to Princeton's counsel:
- 2.9.3.1 A certificate of the President of OSF, dated as of the Closing Date, certifying that:
- (i) the representations and warranties by OSF are true and correct as of the Closing Date as if then originally made (or, if any such representation or warranty is untrue in any respect, specifying the respect in which the same is untrue, provided that Princeton shall not be deemed to have waived any rights or remedies with respect to such untrue representations or warranties unless Princeton has expressly waived them in writing);
 - (ii) all of the obligations to be performed by OSF at or before the Closing have been performed (or waived in writing by Princeton); and
 - (iii) all documents to be executed and delivered by OSF at the Closing have been executed by duly authorized officers of OSF;
- 2.9.3.2 A certificate of the Secretary of OSF, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of the OSF board of directors approving this Agreement and the Related Agreements and their execution and delivery;

- 2.9.3.3 An incumbency and specimen signature certificate with respect to the officers of OSF executing any document delivered by OSF hereunder or in connection with the Transaction contemplated hereby, on behalf of OSF;
- 2.9.3.4 Duly executed Assignment and Assumption Agreement;
- 2.9.3.5 Evidence of adoption by the OSF board of directors of bylaws of the Community Council and appointment of its members pursuant to Section 12.6; and
- 2.9.3.6 Without limitation by the specific enumeration of the foregoing, all other documents reasonably required from OSF to consummate the Transaction contemplated hereby.

Section 2.10. Exhibits and Disclosures.

- 2.10.1. This Agreement references various written disclosures (the “**Disclosures**”). The inclusion of information in the Disclosures shall not be construed as or constitute an admission or agreement that a violation, right of termination, default, liability or other obligation of any kind exists with respect to any item, nor shall it be construed as or constitute an admission or agreement that such information is material to the Party providing the Disclosure. In addition, matters reflected in the Disclosures are not necessarily limited to matters required by this Agreement. Any such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. Neither the specifications of any dollar amount in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the Disclosures is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no Person other than a Party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Disclosures is or is not material for purposes of this Agreement.
- 2.10.2. It is not a condition precedent for this Agreement to be binding upon the Parties that all Exhibits and Disclosures attached to this Agreement be in final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Disclosures attached to this Agreement shall be complete and otherwise in final form acceptable to the Parties at Closing. During the period from the Execution Date until the Closing, Princeton or OSF may amend any one or more of its Exhibits or Disclosures or propose an Exhibit or Disclosure not previously provided to the other Party, by delivering an updated Exhibit or Disclosure or proposing a new Exhibit or Disclosure to the other Party. The Parties shall work together in good faith to ensure all Exhibits and Disclosures are finalized and agreed to by the Parties prior to the Closing Date. Upon receipt of an updated or proposed Exhibit or Disclosure, the receiving Party shall promptly and in good faith review such Exhibit

or Disclosure and either approve or disapprove it, such approval not to be unreasonably withheld. If the receiving Party approves the Exhibit or Disclosure, such Exhibit or Disclosure shall become the final Exhibit or Disclosure. If the receiving Party does not approve the amending Party's updated or proposed Exhibit(s) or Disclosure(s) within five (5) Business Days of receipt of an updated or proposed Exhibit or Disclosure, the receiving Party shall provide written notice of disapproval to the amending Party specifying the reasons for disapproval and requesting the amending Party to cure the items of disagreement. If the amending Party fails or refuses to cure the items of disagreement, or the Parties are unable to agree upon an appropriate cure, or if the agreed-upon cure has not been completed by Closing, the receiving Party shall either: (a) close over the issue; or (b) if permitted by Section 11.1, terminate this Agreement by providing notice to the amending Party. If the receiving Party elects to close over the issue, the updated or proposed Exhibit or Disclosure shall be deemed the final Exhibit or Disclosure.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PRINCETON

Princeton gives, as of the Execution Date, and shall give, as of the Effective Time, the following representations and warranties to OSF, to the Knowledge of Princeton, except for those representations in Sections 3.1, 3.2, and 3.3, which representations and warranties are unqualified:

Section 3.1. Organization. Princeton is a municipal corporation under the laws of the State of Illinois, and has all requisite power and authority to own and operate Perry Memorial Hospital and to carry on the business of Perry Memorial Hospital as it is now being conducted.

Section 3.2. Authorization; Enforceability.

- 3.2.1. Princeton has the full power and authority to enter into this Agreement and to perform its obligations hereunder.
- 3.2.2. The execution, delivery and performance of this Agreement by Princeton has been duly and properly authorized by all necessary action in accordance with Applicable Law.
- 3.2.3. This Agreement constitutes the valid and legally binding obligations of Princeton, enforceable against it in accordance with its terms, except as enforceability may be limited by: (a) general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law; or (b) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally.

Section 3.3. No Consents. Except as has been disclosed in writing by Princeton to OSF, Princeton is not required to submit any notice, report or other filing with any Governmental Authority in connection with its execution, delivery or performance of this Agreement or any other

document executed or to be executed in connection herewith, and such execution, delivery and performance will not violate any law by which it is bound. Except as has been disclosed in writing by Princeton to OSF, no consent, approval or authorization of any Governmental Authority or any other Person is required to be obtained by Princeton in connection with the execution, delivery, or performance of this Agreement by Princeton or any other document executed or to be executed by either in connection herewith, except for filings required pursuant to the Illinois Health Facilities Planning Act.

Section 3.4. Agreement Not in Breach of Other Instruments Affecting Perry Memorial Hospital: Governmental Approval. Except as has been disclosed in writing by Princeton to OSF, the execution and delivery of this Agreement, the consummation of the Transaction provided for herein, and the fulfillment of the terms hereof: (a) will not result, with or without the giving of notice of the lapse of time or both in the imposition of any lien, security interest or encumbrance on any asset of Princeton or Perry Memorial Hospital used in the operation of Perry Memorial Hospital and the PMH Ambulatory Sites, or in the breach of any of the provisions of, or result in a termination, impairment or modification of or constitute a default under, or conflict with, or cause or permit any acceleration of any obligation of Princeton or of Perry Memorial Hospital relating to the operation of Perry Memorial Hospital and the PMH Ambulatory Sites under, or permit any other party to modify or terminate, any agreement, indenture or other instrument by which Princeton or Perry Memorial Hospital is bound, or any judgment, decree, order or award of any court, Governmental Authority or arbitrator, or any Applicable Law binding on Princeton and/or Perry Memorial Hospital, (b) do not and will not, with or without the giving of notice, the lapse of time, or both, result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause an acceleration of any obligation of Princeton or Perry Memorial Hospital under their governing documents; (c) do not require the consent or approval of any Governmental Authority or other Person, except for approvals required under the Illinois Health Facilities Planning Act, and (d) will not result in any limitation or restriction of any right of Princeton or Perry Memorial Hospital.

Section 3.5. Books and Records. The books, accounts and records relating to the Purchased Assets are, and have been maintained in a usual, regular and ordinary manner in accordance with GAAP, and all transactions involving Perry Memorial Hospital and the PMH Ambulatory Sites to which Princeton or Perry Memorial Hospital is a party or has been a party, are properly reflected therein. All documents or information that Princeton and Perry Memorial Hospital have provided or made available to OSF are true and correct copies of such documents or information as they exist in the books and records of Princeton and Perry Memorial Hospital.

Section 3.6. Financial Statements.

- 3.6.1. Princeton has delivered to OSF true and correct copies of: (a) Perry Memorial Hospital's unaudited financial statements for Fiscal Years 2018, 2019 and 2020 ("**Perry Memorial Hospital's Audited Financial Statements**"); and (b) Perry Memorial Hospital's unaudited financial statements for the interim period from May 1, 2020 through the most recent month end date for which financial statements were available prior to the Execution Date ("**Perry Memorial Hospital's Unaudited Financial Statements**"). From the Execution Date to the Closing Date, by the fifteenth Business Day of the following month, Princeton shall provide OSF

with monthly unaudited financial statements of Perry Memorial Hospital for the immediately preceding month ("**Perry Memorial Hospital's Interim Financial Statements**").

- 3.6.2. The Perry Memorial Hospital's Financial Statements: (a) present fairly in all material respects the financial position of Perry Memorial Hospital and the results of its operations at the dates and for the periods indicated, and (b) were prepared on an income tax basis consistently applied throughout the periods reported upon and consistent with past periods
- 3.6.3. Except as has been disclosed in writing by Princeton to OSF, from and after May 1, 2020, Perry Memorial Hospital has not made any material changes to its accounting methods or practices, including methods or practices used to:
- a. Establish reserves on any patient, notes and accounts receivable;
 - b. Establish estimates of any third-party settlements;
 - c. Determine the value of any other accounts that require subjective determinations; or
 - d. Establish malpractice, general liability or other self-insurance reserves, including claims incurred but not reported.
- 3.6.4. Except as has been disclosed in writing by Princeton to OSF, Perry Memorial Hospital has no liabilities or obligations of any kind, whether contingent or absolute, direct or indirect, or matured or unmatured, required by GAAP to be shown or provided for in the Perry Memorial Hospital Audited Financial Statements and Perry Memorial Hospital Unaudited Financial Statements, other than: (a) claims covered by insurance, or reserved by a specific or general reserve, and any individual liability or obligation of less than \$25,000, provided such liabilities and obligations in the aggregate do not exceed \$100,000; or (b) liabilities arising in the ordinary course of business that are reflected in the Perry Memorial Hospital Interim Financial Statements.
- 3.6.5. Except as has been disclosed in writing by Princeton to OSF, none of the assets of Princeton used in the operation of Perry Memorial Hospital and the PMH Ambulatory Sites is subject to restrictions imposed by the donors of specific funds or other assets.

Section 3.7. Accounts Receivable. All Accounts Receivable represent and constitute *bona fide* indebtedness owing to Princeton for services actually performed or for goods or supplies actually provided in the amounts indicated on the Princeton Financial Statements with, to the Knowledge of Princeton, no Known set-offs, deductions, compromises or reductions other than reasonable allowances for bad debts and contractual allowances in an amount consistent with historical policies and procedures of Princeton and that are taken into consideration in the preparation of the Princeton Financial Statements. Princeton has made available to OSF an aging report of all such

Accounts Receivable, in the form requested by OSF, and such report is accurate in all material respects.

Section 3.8. Liabilities. On April 30, 2020 (the “**Balance Sheet Date**”), Princeton had, and as of the Execution Date, has, no liabilities or obligations with respect to the Purchased Assets, whether related to tax or non-tax matters, known or unknown, due or not yet due, liquidated or unliquidated, fixed, contingent, or otherwise, including penalty, acceleration or forfeiture provisions in any contract, except as has been disclosed in writing by Princeton to OSF, or except as incurred since the Balance Sheet Date in the ordinary course of business.

Section 3.9. PPP Loan. At the time Princeton and/or Perry Memorial Hospital submitted the application for the PPP Loan, Princeton and/or Perry Memorial Hospital was eligible to apply for and receive the PPP Loan under the Coronavirus Aid, Relief and Economic Security Act (the “**CARES Act**”) and the Small Business Act. Princeton and/or Perry Memorial Hospital accurately reflected payroll costs and employee count on the PPP Loan application. Princeton and/or Perry Memorial Hospital met the need certification requirements for the PPP Loan, and all certifications made by Princeton and/or Perry Memorial Hospital at the time of the PPP Loan application were true and correct and made by Princeton and/or Perry Memorial Hospital in good faith. Princeton and/or Perry Memorial Hospital has maintained documentation and information supporting its eligibility for the PPP Loan. Princeton and/or Perry Memorial Hospital has, at all times since receiving the PPP Loan, complied with all Paycheck Protection Program rules, conditions and requirements and has applied the PPP Loan proceeds only toward forgivable uses specified in the CARES Act.

Section 3.10. Absence of Changes. Since the Balance Sheet Date, and except in response to the COVID-19 pandemic, (i) Perry Memorial Hospital and the PMH Ambulatory Sites have operated in the ordinary and normal course consistent with prior practice, (ii) there has not been, and there is not threatened, any Material Adverse Change in the assets, properties, business, operations, condition (financial or otherwise) or prospects of Perry Memorial Hospital or any material physical damage or loss to any of the Purchased Assets (whether or not such damage or loss is covered by insurance), and (iii) Princeton and the Board of Directors of Perry Memorial Hospital, as applicable:

- 3.10.1. have not made or suffered any material change in the Purchased Assets or in the conduct or nature of any aspect of its operations of Perry Memorial Hospital or the PMH Ambulatory Sites;
- 3.10.2. have not made any change in its accounting methods or principles;
- 3.10.3. have not lost the services of any employee material to the business of Perry Memorial Hospital or the PMH Ambulatory Sites and have not sustained a termination or adverse modification of its relationship with any customer, supplier, vendor or other Person material to the business of Perry Memorial Hospital or the PMH Ambulatory Site with whom it deals, and no such termination or modification is anticipated;

- 3.10.4. have not increased the compensation or benefits payable to any employee providing services at Perry Memorial Hospital or the PMH Ambulatory Sites other than in the ordinary and usual course of business;
- 3.10.5. without limitation to any of the foregoing provisions of this Section 3.10, with respect to Perry Memorial Hospital and the PMH Ambulatory Sites, have not taken any action, conducted its business or entered into any transaction outside of the ordinary and usual course of business;
- 3.10.6. have not taken any action in furtherance of any of the foregoing;
- 3.10.7. have used their best commercially reasonable efforts to preserve its business organization intact, to keep available the services of the PMH Employees, and to preserve its relationships with its patients, suppliers, vendors and others with whom it deals;
- 3.10.8. have not incurred any obligation or liability (whether absolute, accrued, contingent or otherwise, whether due or to become due), except current liabilities for trade or other obligations incurred in connection with the purchase of goods or services in the ordinary course of the operation of Perry Memorial Hospital and the PMH Ambulatory Sites consistent with prior practice;
- 3.10.9. have not made any payment discharge or satisfaction of any lien other than those then required to be discharged or satisfied, or payment of any obligation or liability (whether absolute, accrued, contingent or otherwise, whether due or to become due), other than liabilities incurred in the ordinary course of the operation of Perry Memorial Hospital and the PMH Ambulatory Sites consistent with prior practice; and
- 3.10.10. have not made any sale or lease or other disposition of any of the Purchased Assets other than in the ordinary course of business of Perry Memorial Hospital and the PMH Ambulatory Sites, or canceled or compromised any debt or claim, or waived or released any right of substantial value relating to Perry Memorial Hospital or the PMH Ambulatory Sites.

Section 3.11. Real Estate.

- 3.11.1. Princeton has delivered to OSF a written list of all Owned Real Estate by common address and property identification number.
- 3.11.2. Princeton has good and marketable title to, and owns of record, the Owned Real Estate.
- 3.11.3. All operations of and services provided by Perry Memorial Hospital and the PMH Ambulatory Sites are provided at the Owned Real Estate and at the facilities leased to Perry and/or Perry Memorial Hospital pursuant to the lease agreements listed on Exhibit 3.11.3 attached hereto (“**Leased Real Estate**”), true and correct copies of which leases and all amendments thereto have been provided to OSF.

3.11.4. Except as has been disclosed in writing by Princeton to OSF:

- 3.11.4.1 there are no contracts, options, licenses, leases, occupancy agreements or any other management, operating or maintenance agreements affecting the Real Estate which cannot be terminated at Closing;
- 3.11.4.2 Princeton is not a party to any dispute which could have a Material Adverse Effect on the Real Estate or the use, occupancy or operation thereof;
- 3.11.4.3 there are no unpaid assessments or capital contributions for public improvements assessed or pending against the Real Estate;
- 3.11.4.4 there are no pending (or to Princeton's Knowledge, threatened) matters of litigation, administrative actions, or arbitration against the Real Estate or against Princeton with respect to the Real Estate, or any pending (or to Princeton's Knowledge, threatened) eminent domain, condemnation proceeding or other governmental taking of the Premises or any party thereof;
- 3.11.4.5 Princeton knows of no fact or condition that exists which would result in the termination or impairment of access to the Real Estate or discontinuation of necessary sewer, water, electric, gas, telephone, storm water detention, storm water drainage or other utilities or services;
- 3.11.4.6 Princeton and Perry Memorial Hospital have not received any written notice of violations of any restrictive covenants relating to or affecting the Real Estate, including the use, occupancy, operation or condition thereof which have not been resolved; and
- 3.11.4.7 there is no existing, pending, or to Princeton's Knowledge, threatened, limitation on use of streets abutting the Real Estate, special taxes or assessments levied against the Real Estate, change in zoning classification or change in the tax assessment for the Real Estate.

Section 3.12. Environmental Matters.

- 3.12.1. Princeton's operation of the Real Estate is in compliance in all material respects with all Environmental Laws.
- 3.12.2. Princeton has not been notified in writing by any Governmental Authority or other Person of any violation by Princeton of any Environmental Law with respect to the Real Estate, or any liability of, or any condition that could give rise to any liability of, Princeton under any Environmental Law with respect to the Real Estate. No unresolved civil, criminal or administrative action, claim (environmental or otherwise) or other proceeding pursuant to any Environmental Law is pending against Princeton with respect to the Real Estate. Princeton has not, with respect to the Real Estate, entered into any unresolved consent order, consent decree,

administrative order, judicial order or settlement, and is not subject to any unresolved order, decree or judgment pursuant to any Environmental Law.

- 3.12.3. Exhibit 3.12.3 sets forth a correct and complete list of all of the Environmental Permits issued to Princeton and Perry Memorial Hospital and in Princeton's or Perry Memorial Hospital's possession with respect to the Real Estate, copies of which have been delivered to OSF. The Environmental Permits listed on Exhibit 3.12.3 are in full force and effect, and all fees payable in connection therewith have been paid, and Princeton is not in default under any Environmental Permits.
- 3.12.4. Princeton has, with respect to the Real Estate, delivered to OSF copies of all: (a) Phase 1 or Phase 2 environmental reports and assessments related to the Real Estate; (b) applications or reports submitted in writing to any Governmental Authority by Princeton pursuant to any Environmental Laws and/or relating to any Environmental Claim(s) against Princeton during the past ten (10) years; (c) records or manifests required to be maintained by Princeton pursuant to Environmental Laws; and (d) notices of violation, summonses, orders, or complaints received by Princeton relating to compliance with or liability under any Environmental Law or Environmental Claim(s) against Princeton.
- 3.12.5. Exhibit 3.12.5 discloses a correct and complete listing of all Real Estate at which: (i) Princeton or Perry Memorial Hospital has generated, used, treated, stored or disposed of Hazardous Substances; or (ii) any third party under contract with Princeton or Perry Memorial Hospital generates, treats, stores or disposes of or has generated, used, treated, stored or disposed of Hazardous Substances received from Princeton or Perry Memorial Hospital.
- 3.12.6. The generation, use, treatment, storage, transportation or disposal by or on behalf of Princeton or Perry Memorial Hospital of any Hazardous Substance at the Real Estate was, at all times material to the Transaction, and is currently, in material compliance with Environmental Laws applicable at the time of such generation, treatment, storage, transportation or disposal. To Princeton's Knowledge, no legal action under any Environmental Law or other Environmental Claim with respect to the Real Estate has been brought or asserted against Princeton or Perry Memorial Hospital by any governmental body, agency or third party, including, without limitation, any action relating to violations of or liability under any Environmental Laws or the performance of any removal or remedial action pursuant to any Environmental Laws, which have not heretofore been resolved.
- 3.12.7. With respect to the Real Estate, nothing has occurred prior to the date of this Agreement, and nothing will occur prior to the Effective Time, that could reasonably be expected to give rise to the filing or assertion of material Environmental Claim(s) against Princeton pursuant to any Environmental Law.

Section 3.13. Personal Property. Except as has been disclosed in writing by Princeton to OSF, (i) Princeton has, and at the Closing will convey and assign to OSF or one of its Affiliates, good, valid and marketable title to all those Purchased Assets that are tangible goods, free and clear of all liens,

mortgages, pledges, security interests, restrictions, prior assignments, licenses to third parties, encumbrances and claims of every kind or character, and (ii) the Purchased Assets that are tangible goods are in good operating condition and repair (subject to ordinary wear and tear) and do not require any repairs other than normal routine maintenance to maintain such property in good operating condition and repair. Princeton is the sole and exclusive owner of the Intellectual Property included in the Purchased Assets and possesses all Intellectual Property rights and licenses required for the conduct of Perry Memorial Hospital and the PMH Ambulatory Sites other than Intellectual Property for which it holds a valid license. All Intellectual Property owned by Princeton, and all Intellectual Property licensed for use by Perry Memorial Hospital and the PMH Ambulatory Sites, that is used by Princeton in the operation of Perry Memorial Hospital and the PMH Ambulatory Sites is listed on Exhibit 2.1.2.7. Except as disclosed on Exhibit 2.1.2.7, no claim has been asserted against Princeton involving any conflict or claim of conflict of its Intellectual Property with the Intellectual Property of others, and to the Knowledge of Princeton there is no basis for any such claim or conflict. Princeton has no Knowledge that any Person has violated or infringed, or is violating or infringing, Princeton's rights relating to Intellectual Property.

Section 3.14. Assets for Operation of Perry Memorial Hospital and PMH Ambulatory Sites. Except for the Excluded Assets, as relates to Perry Memorial Hospital and the PMH Ambulatory Sites, the Purchased Assets comprise all of the material assets required for the continued conduct of the Hospital Facilities and Services by OSF as they are now being conducted. Except for the Excluded Assets, as relates to Perry Memorial Hospital and the PMH Ambulatory Sites, the Purchased Assets, taken as a whole, constitute all the material properties and material assets used in connection with Perry Memorial Hospital and the PMH Ambulatory Sites during the past twelve (12) months (except such assets as disposed of or replaced in the ordinary course of operations of Perry Memorial Hospital and PMH Ambulatory Sites). The Purchased Assets are in all material respects adequate for the purposes for which such Purchased Assets are currently used and there are no facts or conditions affecting the Purchased Assets which could interfere in any material respect with the use or operation thereof as currently used or operated, or their adequacy for such use.

Section 3.15. Insurance. Princeton, and/or Perry Memorial Hospital, maintains and has continuously maintained, in full force and effect, for a period of time sufficient to meet applicable statutes of limitation for claims made under the following: (i) general liability insurance, (ii) worker's compensation insurance, (iii) property and casualty insurance, and (iv) professional liability insurance, all in commercially reasonable amounts from an insurance carrier acceptable to OSF. Exhibit 3.15 sets forth an accurate, correct and complete list (including the name of the insurer, coverage, premium and expiration date) of all such insurance policies. Princeton and/or Perry Memorial Hospital is not in material default of any provision thereof and all premiums due (without regard to any grace period) with respect to such policies have been paid. Princeton and/or Perry Memorial Hospital have not been refused any insurance for which it has applied on behalf of Perry Memorial Hospital, and has not received notice from any issuer of any policy issued to it of the insurer's intention to cancel or refusal to renew any such policy issued by such insurer.

Section 3.16. Contracts, Leases, Agreements and Other Commitments.

- 3.16.1. True, correct and complete copies of all of the Assigned Contracts (including all amendments thereto) have been delivered to OSF. Neither Princeton nor Perry Memorial Hospital is a party to or bound by any undisclosed contract or commitment relating to Perry Memorial Hospital or the Purchased Assets which would have any material adverse impact on OSF's ability to operate Perry Memorial Hospital.
- 3.16.2. All of the Assigned Contracts are in full force and effect and are legal, valid, binding and enforceable against the respective Parties thereto in accordance with their respective terms. Princeton, Perry Memorial Hospital and all other parties to all of the Assigned Contracts have performed all obligations required to be performed to date under the Assigned Contracts and neither Princeton, Perry Memorial Hospital nor any such other party is in default or in arrears under the terms thereof, and no condition exists or event has occurred which, with the giving of notice or lapse of time or both, would constitute a default thereunder. The execution and delivery of this Agreement, the consummation of the transactions provided for herein and the fulfillment of the terms hereof by Princeton and Perry Memorial Hospital do not and will not, with or without the giving of notice, the lapse of time, or both, result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of, any obligation of OSF under, any Assigned Contract. None of the terms or provisions of any Assigned Contract has, or with the passage of time may have, a Material Adverse Effect. Princeton has no Knowledge of any intention by any party to terminate or amend any Assigned Contract or, if Princeton intends to request a renewal, of any intention to refuse to renew the same upon expiration of its term.
- 3.16.3. Each of the Assigned Contracts to which Princeton or Perry Memorial Hospital is a party is in full force and effect and is legal, valid, binding and enforceable against the respective Parties thereto in accordance with its respective terms.
- 3.16.4. Neither Princeton nor Perry Memorial Hospital is a party to, or bound by, any decree, order or arbitration award (or agreement entered into in any administrative, judicial or arbitration proceeding with any governmental entity) with respect to or affecting the properties, assets, personnel or business activities of Perry Memorial Hospital.

Section 3.17. Employee Benefits.

- 3.17.1. Princeton has delivered to OSF an accurate, correct and complete list of all Princeton Benefit Plans.
- 3.17.2. Except as has been disclosed in writing by Princeton to OSF, all benefits and contributions relating to each Princeton Benefit Plan have been timely paid in accordance with the terms of such Princeton Benefit Plan and Applicable Law.

- 3.17.3. All Princeton Benefit Plans have been maintained and administered in material compliance with their terms and comply in all material respects, both as to form and operation, with the provisions of Applicable Law.
- 3.17.4. To the Knowledge of Princeton, there are no threatened or pending investigations by any governmental agency, termination proceedings or other claims (except claims for benefits payable in the normal operation of the Princeton Benefit Plans), suits or proceedings against or involving any Princeton Benefit Plan or asserting any rights or claims to benefits under any Princeton Benefit Plan that could reasonably be expected to give rise to any material liability.
- 3.17.5. No Princeton Benefit Plan that has been terminated could reasonably be expected to cause material liability to Princeton.
- 3.17.6. Except as has been disclosed in writing by Princeton to OSF: (i)(A) Princeton does not contribute to any “multiemployer plan” that is subject to Section 3(37) of ERISA and has not withdrawn from or have any outstanding withdrawal liability with respect to a multiemployer plan, and (B) no event has occurred or circumstance exists that could result in any liability to Princeton with respect to a multiemployer plan; (ii) Princeton neither provides nor has any liability for health or welfare benefits with respect to any retired or former employees of Princeton, nor with respect to any active employees of Princeton following such employee’s retirement or termination of service, except as required under Applicable Law or in a manner similar to that which would be required under the continuation coverage requirements for group health plans under Section 4980B of the Code (“COBRA”), if COBRA applied to such Princeton Benefit Plan; (iii) Princeton does not sponsor, participate in or have any obligation to contribute to a “multiple employer welfare arrangement” that is subject to Section 3(40) of ERISA; (iv) Princeton neither sponsors, maintains, or has any obligation to contribute to a “voluntary employees’ beneficiary association” within the meaning of Section 501(c)(9) of the Code; (v) Princeton does not sponsor or maintain and is not a participating employer in any employee benefit plan that is subject to Section 412 of the Code; (vi) there has been no amendment to any Princeton Benefit Plan that either provides for a reduction in the rate of future benefit accrual or that eliminates or reduces an early retirement benefit or retirement-type subsidy and that would require a notice to participants in accordance with Section 4980F(e) of the Code; (vii) Princeton does not maintain any “nonqualified deferred compensation plans” within the meaning of Section 409A(d)(1) of the Code or any plan subject to the provisions of Section 457(f) of the Code; (viii) with respect to each Princeton Benefit Plan, there has been duly and timely furnished, in compliance in all material respects with Applicable Laws, all notices required under Applicable Laws to be given to participants, beneficiaries, and alternate payees, or to any governmental authorities; (ix) neither the execution and delivery of this Agreement nor the consummation of the Affiliation will accelerate vesting, increase any benefits otherwise payable, or result in any payment (whether of severance pay, change-of-control benefits, or otherwise) under any Princeton Benefit Plan; (x) except as prohibited under Applicable Law, Princeton has the right under each Princeton Benefit Plan to terminate each such

Princeton Benefit Plan or amend each such Princeton Benefit Plan so as to reduce benefits not yet accrued, cease accruals, or increase employee cost-sharing; and (xi) each Princeton Benefit Plan that is intended to satisfy the requirements of Section 403(b) of the Code satisfies all such requirements and all other applicable legal requirements in all material respects (including the requirement to adopt a written plan document by no later than December 31, 2009), and there is no provision or operation that could reasonably be expected to result in the disqualification of any such plan.

- 3.17.7. Except as has been disclosed in writing by Princeton to OSF or as required under Applicable Law or the terms of the applicable Princeton Benefit Plan, prior to the Closing Date, Princeton has not taken, or caused or permitted to be taken, any action that would change the legal or beneficial ownership status of the accounts in which funds of or attributable to Princeton Benefit Plans are invested or otherwise held.

Section 3.18. Labor; Employment Contracts. Except as has been disclosed in writing by Princeton to OSF:

- 3.18.1. With respect to Perry Memorial Hospital and the PMH Practice Sites:

- 3.18.1.1 Neither Princeton nor Perry Memorial is a party to any written or oral employment agreement, consulting agreement, personal service agreement or agreement with any independent contractor, and there are no actual or, to Princeton's Knowledge, threatened controversies related to or arising out of any such existing or alleged agreements.
- 3.18.1.2 Neither Princeton nor Perry Memorial is a party to any pending or threatened labor dispute.
- 3.18.1.3 Neither Princeton nor Perry Memorial is a party to any collective bargaining agreement or similar agreement or work rules or practices agreed upon with any labor organization.
- 3.18.1.4 None of the following events or circumstances exists and, to Princeton's Knowledge, none is threatened: a controversy, a claim of illegal or improper conduct or activities, an unresolved grievance or charge of unfair labor practice, an arbitration proceeding or a union organizing effort or a threatened or pending labor strike, dispute, slowdown, work stoppage or lockout.
- 3.18.1.5 Neither Princeton nor Perry Memorial is in violation of any Applicable Law relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining, the payment of social security and similar taxes, Benefit Arrangements, equal employment opportunity, employment discrimination and employment safety, or that Princeton or Perry Memorial Hospital is liable for any arrears of wages or any taxes or penalties or interest for failure to comply with any of the foregoing.

- 3.18.1.6 There is no unfair labor practice charge or complaint against Princeton pending or, to the Knowledge of Princeton, threatened before the National Labor Relations Board or, to the Knowledge of Princeton, any charges or complaints pending or threatened with any governmental entity that has jurisdiction over unlawful employment practices.
- 3.18.1.7 There is no grievance or arbitration proceeding arising out of any collective bargaining agreement or other grievance procedure pending or, to the Knowledge of Princeton, threatened relating to Perry Memorial Hospital or the PMH Practice Sites.
- 3.18.1.8 Upon termination of the employment of any of the PMH Employees on or after the Closing, neither Princeton nor Perry Memorial Hospital will be liable to any of such employees for severance pay.
- 3.18.1.9 The employment of each of the PMH Employees is terminable at will without cost to Princeton except for payment of accrued salaries or wages and vacation pay.
- 3.18.1.10 Princeton and Perry Memorial Hospital have not been the subject of any efforts by any labor organizing, strike, work stoppage, “sickout” or picketing by any group of persons (whether or not employees).
- 3.18.2. To Princeton’s Knowledge, upon delivery of the releases contemplated by Section 2.9.1.13 hereof, no Hired Physician or Hired Mid-Level Provider will be restricted or prohibited in any way from becoming a full time employee of an OSF Employer.
- 3.18.3. All Illinois Department of Employment Security Quarterly Contribution and Wage Reports, New Hire Reporting Forms and other requisite Illinois Department of Employment Security reports (“**IDES Reports**”) that were required to be filed for or on behalf of Princeton with respect to Perry Memorial Hospital have been duly prepared, signed, and filed on a timely basis pursuant to Applicable Laws excepting, therefrom, current reports not yet due. All such IDES Reports were correct and complete in all material respects. Princeton and/or Perry Memorial Hospital have paid in full all of the required benefit reimbursements, contributions, interest, and/or assessed penalties in respect to all periods covered by such IDES Reports described in this Section that are due on or before the Effective Time and will produce a certificate from the Director of Employment Security stating that no contributions, interest, or penalties are due, as required by Section 2.9.1.14. All benefit reimbursements, contributions, interest, and/or assessed penalties incurred by Princeton and/or Perry Memorial Hospital for periods ending on or prior to the Effective Time have been, or ending on or prior to the Effective Time will be, paid or properly accrued for, on an income tax basis, on the books and records regularly maintained by Princeton and/or Perry Memorial Hospital. Princeton has no current outstanding claims for benefits or pending proceedings regarding disputed claims

Section 3.19. Litigation. Except for the case pending in Circuit Court of Thirteenth Judicial Circuit County of Bureau, Case No. 2020-LM-22 (the “**Collection Case**”) and any such other matters as have been disclosed in writing by Princeton to OSF, with respect to Perry Memorial Hospital: (a) Princeton is not a party to or, to Princeton’s Knowledge, threatened with any suit, action, arbitration, claim, or administrative or other proceeding, either at law or in equity, or, to Princeton’s Knowledge, any governmental investigation, by or before any court, governmental department, commission, board, agency or instrumentality of the foregoing, domestic or foreign; (b) to Princeton’s Knowledge, there is no basis for any such suit, action, arbitration, or administrative or other proceeding against Princeton that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (c) there is no such judgment, decree, award or order outstanding against Princeton. Except as has been disclosed in writing by Princeton to OSF, neither Princeton nor Perry Memorial Hospital has received notice of any investigation or threatened investigation by any Federal, state, or local governmental or regulatory agency, including those involving its business practices and policies, that could result in a Material Adverse Change. OSF agrees to dismiss the Collection Case with prejudice on or before the Effective Time.

Section 3.20. Compliance with Laws

3.20.1. In General. Except as has been disclosed in writing by Princeton to OSF, to the Knowledge of Princeton, Perry Memorial Hospital and the PMH Practice Sites have been operated in material compliance and has at all times during the past five (5) years materially complied with all Applicable Laws, including Health Care Laws. Without limiting the foregoing, to the Knowledge of Princeton, Perry Memorial Hospital and PMH Practice Sites have obtained and now hold all licenses, permits, certificates, orders, authorizations and approvals needed or required for the current conduct of Perry Memorial Hospital and the PMH Practice Sites, the use of its properties and assets, and the use or occupation of such premises and facilities. To the Knowledge of Princeton, Perry Memorial Hospital and the PMH Practice Sites have properly filed all reports and other documents required to be filed with any federal, state, local or foreign Governmental Authority. Princeton has not received any notice from any Governmental Authority or any insurance or inspection body that any of properties, assets, facilities or premises owned, occupied or used by it or any of its business procedures or practices fails to comply with any Applicable Law, including any ordinance, regulation, building or zoning law, or other requirement of any Governmental Authority, other than those notices or communications received in the ordinary course of business. All such licenses, permits, certificates, authorizations, orders and approvals issued by any Governmental Authority currently in effect are disclosed on Exhibit 3.20.1 and, except as noted on such Exhibit, none of the items so listed will lapse or expire prior to the sixtieth (60th) day after the Effective Time.

3.20.2. Exclusion or Suspension. Neither Princeton nor Perry Memorial Hospital, nor to the Knowledge of Princeton, the employees or agents of Princeton providing services to Perry Memorial Hospital and Persons or entities who provide professional services under agreements with Perry Memorial Hospital, have been excluded or suspended from any federal or state healthcare program under 42

U.S.C. § 1320a-7. Princeton has no Knowledge of any pending or threatened exclusion or suspension action against any such Persons.

3.20.3. Corporate Integrity Agreements. Neither Princeton nor Perry Memorial Hospital is a party to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services, has no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority, has not been the subject of any government payor program investigation conducted by any Governmental Authority, has not been a defendant in any qui tam or False Claims Act litigation, has not been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or telephone or in-person contact by or from any federal or state enforcement agency (except in connection with medical services provided to third parties who may be defendants or the subject of investigation into conduct unrelated to the operation of Perry Memorial Hospital or the PMH Ambulatory Sites), and has not received any complaints (written or communicated during employee interviews or otherwise) from employees, independent contractors, vendors, physicians, or any other Person that would indicate that Princeton has violated any legal requirement.

3.20.4. Overpayment. Except as has been disclosed in writing by Princeton to OSF, to the Knowledge of Princeton, other than credit balances or other repayments or refunds processed in the ordinary course of business, neither Princeton nor Perry Memorial Hospital has any liability for any material overpayments, duplicate payments, refunds, discounts, or adjustments due to Medicare, Medicaid, Blue Cross/ Blue Shield, or any other reimbursement program, third party payor, or other Person or entity.

Section 3.21. Licenses and Permits Princeton holds and is in compliance with all Licenses and Permits, the noncompliance with which could reasonably be expected to result in a Material Adverse Change. The Licenses and Permits are current, unrestricted and valid. Except as has been disclosed in writing by Princeton to OSF, no statement of deficiencies, survey report, inspection report, notice of audit, audit results, complaint or other notice of noncompliance with the requirements, standards or other conditions, or any revocation, termination, suspension or limitation of any of the Licenses and Permits has been received or, to the Knowledge of Princeton, issued, proposed or threatened, for which any actual or potential material payment or other obligation exists, nor does Princeton have any Knowledge of any basis for any such action.

Section 3.22. Critical Access Hospital Status. Perry Memorial Hospital is designated as a critical access hospital in accordance with Applicable Law and meets all Medicare conditions of participation for critical access hospitals set forth in 42 U.S.C 1820 and 42 C.F.R Section 485.601, et seq.

Section 3.23. Accreditations. Princeton has provided to OSF a list of current Accreditations held by Perry Memorial Hospital and the PMH Ambulatory Sites. Except as has been disclosed in writing by Princeton to OSF: (a) all of these Accreditations have been duly obtained, are held by Princeton, are current and valid, and are in full force and effect; (b) to the Knowledge of Princeton, no event has occurred or other fact exists with respect to the Accreditations that allows, or after

notice or lapse of time or both would allow, revocation, suspension, restriction, limitation or termination of any of the Accreditations or would result in any other impairment of the rights of the holder of any of the Accreditations that individually or in the aggregate would be material; (c) no notice from any accreditation organization in respect to the revocation, suspension, restriction, limitation or termination of any Accreditations has been issued, received or, to the Knowledge of Princeton, proposed or threatened; and (d) no statement of deficiencies, survey report, inspection report, notice of audit, audit results, complaint or other notice of noncompliance with the requirements, standards or other conditions of any Accreditation has been issued, received or, to the Knowledge of Princeton, proposed or threatened by any accreditation organization, for which any actual or potential payment or other obligation exists.

Section 3.24. Employees of Perry Memorial Hospital. Neither Princeton nor Perry Memorial Hospital has taken any action which was calculated to dissuade any physicians, mid-level providers or other personnel employed by Princeton for the provision of services to Perry Memorial Hospital from becoming employed by or associated with an OSF Employer on or after the Effective Time.

Section 3.25. Brokers and Finders. Neither Princeton, nor any of its agents or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the Transaction.

Section 3.26. Statements and Other Documents Not Misleading. Neither this Agreement, nor the Closing deliverables, nor any other financial statement, document or other instrument heretofore or hereafter furnished by Princeton or Perry Memorial Hospital to OSF in connection with the Transaction contains or will contain any untrue statement of any material fact or omits or will omit to state any material fact necessary to be stated in order to make any statement contained herein and therein not misleading. To Princeton's Knowledge, there is no fact which has a Material Adverse Effect which has not been set forth in this Agreement, including the information/documents furnished to OSF on or prior to the Execution Date in connection with the Transaction.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PMH FOUNDATION

PMH Foundation gives, as of the Execution Date, and shall give, as of the Effective Time, the following representations and warranties to OSF:

Section 4.1. Financial Statements. PMH Foundation has delivered to OSF true and correct copies of: (a) PMH Foundation's unaudited financial statements for Fiscal Years 2018, 2019 and 2020; and (b) PMH Foundation's unaudited financial statements for the interim period from May 1, 2020 through the most recent month end date for which financial statements were available prior to the Execution Date.

Section 4.2. Donor Restricted Funds. Except for those Restricted Foundation Funds disclosed in Exhibit 2.2, none of the assets of PMH Foundation is subject to restrictions imposed by the donors of specific funds or other assets.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF OSF

OSF gives, as of the Execution Date, and shall give, as of the Effective Time, the following representations and warranties to Princeton and PMH Foundation:

Section 5.1. Corporate Organization. OSF is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Illinois.

Section 5.2. Exempt Status. OSF and OSF Foundation are each an organization described in Section 501(c)(3) of the Code, exempt from federal income tax under Code Section 501(a) (except for any unrelated business income tax imposed pursuant to Code Sections 511-514), and other than a private foundation pursuant to Code Section 509(a).

Section 5.3. Authorization; Enforceability.

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

5.3.2. The execution, delivery and performance of this Agreement by OSF has been duly and properly authorized by all necessary corporate action in accordance with its governing documents and Applicable Law.

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

Section 5.4. No Consents. Except as has been disclosed in writing by OSF to Princeton, OSF is not required to submit any notice, report or other filing with any Governmental Authority in connection with its execution, delivery or performance of this Agreement or any other document executed or to be executed in connection herewith, and such execution, delivery and performance will not violate any law by which it is bound. Except as has been disclosed in writing by OSF to Princeton, no consent, approval or authorization of any Governmental Authority or any other Person is required to be obtained by OSF in connection with the execution, delivery, or performance of this Agreement by OSF or any other document executed or to be executed by either in connection herewith.

Section 5.5. Brokers and Finders. Neither OSF nor any of its officers, directors or employees have employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the Transaction.

Section 5.6. Statements and Other Documents Not Misleading. Neither this Agreement, nor the Closing deliverables, nor any other financial statement, document or other instrument heretofore or hereafter furnished by OSF to Princeton in connection with the Transaction contains or will contain any untrue statement of any material fact or omits or will omit to state any material fact necessary to be stated in order to make any statement contained herein and therein not misleading.

ARTICLE VI

JOINT COVENANTS OF THE PARTIES

Section 6.1. Best Efforts to Consummate Transaction. Each of the Parties will use its best efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the Transaction (including satisfaction, but not waiver, of the closing conditions set forth in ARTICLE VIII and ARTICLE IX).

Section 6.2. Regulatory Approvals. Each of the Parties will give any notices to, make any filings with, and use its reasonable best efforts to obtain all Regulatory Approvals.

Section 6.3. Other Actions. No Party shall take, and no Party shall permit any of any of its subsidiaries to take, any action that would, or that could reasonably be expected to, result in (i) any of the representations and warranties of such Party set forth in this Agreement becoming untrue in any material respect or (ii) any of the conditions set forth in this Agreement not being satisfied.

Section 6.4. Further Assurances. At any time on or after the Effective Time, the Parties hereto shall each perform such acts, execute and deliver such instruments, assignments, endorsements and other documents and do all such other things consistent with the terms of this Agreement as may be reasonably necessary to accomplish the Transaction contemplated in this Agreement or otherwise carry out the purpose of this Agreement.

ARTICLE VII

CONDUCT PRIOR TO CLOSING

Section 7.1. General. Between the Execution Date and the Closing Date:

7.1.1. Princeton and Perry Memorial Hospital shall:

7.1.1.1 give to OSF's officers, employees, agents, attorneys, consultants, accountants and lenders reasonable access during normal business hours to all of the properties, books, contracts, documents, records and personnel relating to the Purchased Assets, Perry Memorial Hospital and the PMH Ambulatory Sites, and shall furnish to OSF and such persons as OSF shall designate to Princeton such information regarding the Purchased Assets, Perry Memorial Hospital and the PMH Ambulatory Sites as OSF or such

persons may at any time and from time to time reasonably request, provided such activity shall not interfere with the business operations of Princeton, Perry Memorial Hospital or the PMH Ambulatory Sites;

- 7.1.1.2 use commercially reasonable efforts to preserve, protect and maintain the Purchased Assets and to operate Perry Memorial Hospital and the PMH Ambulatory Sites as a going concern, consistent with prior practices and not other than in the ordinary course of business, investing and reinvesting capital as reasonably required;
- 7.1.1.3 use commercially reasonable efforts to maintain satisfactory relationships with those Persons having business relationships with Perry Memorial Hospital and the PMH Ambulatory Sites;
- 7.1.1.4 maintain all of the Purchased Assets in good operating condition and repair, ordinary wear and tear excepted;
- 7.1.1.5 maintain, manage and operate the Real Estate in the same manner as it is presently maintained, managed and operated;
- 7.1.1.6 maintain insurance on the Purchased Assets in such amounts and against such risks and losses as are currently in effect;
- 7.1.1.7 maintain financial books and records of Perry Memorial Hospital and the PMH Ambulatory Sites in accordance with GAAP consistent with current practice;
- 7.1.1.8 provide to OSF copies of the Perry Memorial Hospital's Interim Financial Statements;
- 7.1.1.9 consult with OSF regarding all efforts to recruit physicians or midlevel providers for the provision of professional services to Perry Memorial Hospital and the PMH Ambulatory Sites;
- 7.1.1.10 not enter into (or amend existing) agreements for retention, severance, change-in-control, employee lease, deferred compensation, or incentive compensation with, or agreements regarding loans or advances to any PMH Employee without OSF's prior written approval, which shall not be unreasonably withheld; provided Princeton or Perry Memorial Hospital may provide severance benefits to PMH Employees pursuant to a plan adopted by Princeton or Perry Memorial Hospital so long as the plan mirrors OSF's severance benefit plan and is funded and administered by Princeton or Perry Memorial Hospital;
- 7.1.1.11 amend all existing agreements, if any, under which it leases space to physicians, midlevel providers and other health care workers to prohibit the use of the space in the delivery of items and services that contravene the Ethical and Religious Directives; and

- 7.1.1.12 promptly notify OSF of (i) any occurrence or development having a Material Adverse Effect, (ii) any material litigation or material governmental complaints, investigations or hearings (or communications indicating that the same may be contemplated), or (iii) the material breach by Princeton and PMH Foundation of any of its representations or warranties contained herein.
- 7.1.2. Without the prior written consent of OSF, and without limiting the generality of any other provision of this Agreement, neither Princeton nor Perry Memorial Hospital shall:
 - 7.1.2.1 sell, transfer or otherwise dispose of any of the Purchased Assets, except in the usual and ordinary course of business;
 - 7.1.2.2 execute or make any proposals for:
 - (i) any new leases or other contracts or agreements with respect to the Real Estate;
 - (ii) any extensions, amendments, modifications or renewals of any leases, contracts or agreements with respect to the Real Estate; or
 - (iii) any new deeds, easements, restrictions, covenants, or other matters affecting title to the Real Estate;
 - 7.1.2.3 alienate, encumber or transfer any part of the Real Estate in favor of or to any party whatsoever;
 - 7.1.2.4 borrow in excess of current credit facilities or grant or make any mortgage or pledge or subject itself or any of the Purchased Assets to any material lien, charge or encumbrance of any kind, except liens for taxes not currently due, other than in accordance with its past practices; or
 - 7.1.2.5 commit to do any of the foregoing.

Section 7.2. Medical Records Transfer. Princeton and OSF shall cooperate with one another to facilitate the transfer of the medical records of active patients of Perry Memorial Hospital and the PMH Ambulatory Sites to OSF and OSF Multi-Specialty Group, an Illinois not-for-profit corporation, and an Affiliate of OSF. The Parties shall fully cooperate to effectuate the transfer of the medical records, including the execution of any necessary or helpful additional agreements. .

Section 7.3. Coordinated Communications Plan. OSF and Princeton shall collaborate in the development of a coordinated communications plan (“**Communications Plan**”). The Communications Plan shall set forth guidelines for the permissible disclosure of information concerning the Transaction to the community and other third parties and shall take into account the Illinois Freedom of Information Act and the Illinois Open Meetings Act. Further, the Communications Plan shall include an acknowledgement that there will be, from time-to-time,

discussions between members of the Board of Directors of Perry Memorial Hospital, representatives of Princeton, and community members related to the terms of the Transaction.

Section 7.4. Communication to Employees. Princeton and Perry Memorial Hospital shall consult with OSF prior to any communication(s) by Princeton or Perry Memorial Hospital to employees of Perry Memorial Hospital regarding this Transaction or termination of employment as of the Effective Time, and shall obtain the prior written consent of OSF as to the content of any such communication(s), which consent shall not be unreasonably withheld or delayed.

Section 7.5. Media Release. Neither Princeton, Perry Memorial Hospital, PMH Foundation nor OSF shall make any press release or public announcement with respect to this Agreement or the Transaction contemplated hereby without the prior written consent, as to both the timing and content of such release/announcement, of both OSF and Princeton. Except as may be required by law, including, without limitation, the Illinois Freedom of Information Act, in no event shall any Party or its members, trustees, directors, officers, employees, representatives, attorneys, accountants or other agents, disclose at any time this Agreement or the terms of the Transaction without the prior written approval of the other Parties, except: (a) in accordance with the terms of the Communications Plan; (b) in accordance with the terms of the Confidentiality and Nondisclosure Agreement by and between OSF and Perry Memorial Hospital dated November 16, 2018, as amended, which agreement remains in full force and effect in accordance with its terms ("**Nondisclosure Agreement**"); or (c) when, in the opinion of its legal counsel, the Party is obligated to make such disclosure or announcement pursuant to Applicable Law, tax-exempt bond ratings or offerings, Regulatory Approvals, or release of audited financial statements, provided, however, the disclosing Party must first: (i) notify the other Parties prior to such disclosure, (ii) agree to work with the other Parties to redact sensitive information if allowable under the terms of the required disclosure, and (iii) agree to advance or allow the other Parties reasonable requests for confidential treatment of the Agreement and the terms of the Transaction.

Section 7.6. Performance. No Party shall intentionally perform any act which, if performed, or omit to perform any act which, if omitted to be performed, would prevent or excuse the performance of this Agreement by any Party hereto or which would result in any representation or warranty herein contained of said Party being untrue in any material respect as if originally made on and as of the Effective Time.

Section 7.7. Consents. Subject to the terms and conditions of this Agreement, each of the Parties hereto shall obtain consents of all Persons, including, without limitation, Governmental Authorities, necessary to the consummation of the Transaction contemplated by this Agreement.

Section 7.8. Further Assurances. Each Party hereto shall, subject to the fulfillment at or before the Closing Date of each of the conditions of performance set forth in ARTICLE VIII and ARTICLE IX or the waiver of such conditions, perform such further acts and execute such documents as may be reasonably required to effect the transactions contemplated hereby, including, without limitation, the conditions to closing set forth in ARTICLE VIII and ARTICLE IX hereof, but this provision shall not require that any additional representations or warranties be made and no Party shall be required to incur any material expense or potential exposure to legal liability pursuant to this Section 7.8.

ARTICLE VIII

CONDITIONS TO OBLIGATIONS OF PRINCETON AND PMH FOUNDATION

The obligations of Princeton to consummate the Transaction are subject to the fulfillment of all of the following conditions on or prior to the Closing Date, upon the non-fulfillment of any of which, this Agreement may, at Princeton's option, be terminated pursuant to and with the effect set forth in ARTICLE XI:

Section 8.1. Representations and Warranties True. The representations and warranties of OSF contained in this Agreement shall have been true and correct when made and shall be true and correct in all material respects as if originally made on and as of the Effective Time.

Section 8.2. Exhibits and Disclosures. All Exhibits and Disclosures required under this Agreement shall be complete and otherwise in final form reasonably acceptable to the Parties and shall be attached to the Agreement as of the Closing Date. OSF shall have cured any Exhibits and/or Disclosures disapproved by Princeton to the reasonable satisfaction of Princeton prior to the Closing Date as provided in Section 2.10.

Section 8.3. Performance. OSF shall have performed and complied with all agreements, obligations, covenants, and conditions required by this Agreement to be performed or complied with on or prior to the Closing Date.

Section 8.4. Receipt of Consents. Receipt by the Parties of all Regulatory Approvals, governmental approvals, third party approvals, permits and licenses necessary to have been received as of the Closing.

Section 8.5. No Governmental Proceeding or Litigation. No suit, action, investigation, inquiry or other proceeding by any Governmental Authority or other Person or legal or administrative proceeding shall have been instituted or threatened which questions the validity or legality of the Transaction contemplated hereby.

Section 8.6. No Injunction. On the Closing Date there shall be no effective injunction, writ, preliminary restraining order or any order of any nature issued by a court of competent jurisdiction directing that the Transaction provided for herein not be consummated as provided or imposing any conditions on the consummation of the Transaction contemplated hereby which Princeton deems unacceptable in its reasonable discretion.

Section 8.7. Employment. As of the Closing, OSF or one of its Affiliates shall have offered to employ, at pay levels comparable to and consistent with OSF's pay levels and pay practices, individuals employed by Princeton or Perry Memorial Hospital providing services at Perry Memorial Hospital and the PMH Ambulatory Sites ("**PMH Employees**") who are eligible for employment under OSF human resource policies and practices, subject to OSF's determination of staffing needs. If OSF determines that a PMH Employee is either not eligible for employment, or whose position is determined by OSF to be outside of appropriate staffing levels at Perry Memorial Hospital or the PMH Ambulatory Sites, then at least sixty (60) days prior to Closing OSF will identify in writing the affected PMH Employee(s) and provide the reason(s) why each employee will not be offered employment by OSF. In addition, OSF acknowledges that the Perry Memorial

Hospital physician employment agreements require Perry Memorial Hospital to provide one hundred eighty (180) days' notice of termination. OSF agrees to timely offer employment to physicians to enable Perry Memorial Hospital to provide timely notice of termination. Notwithstanding the foregoing, OSF shall not be obligated to offer to employ, or cause an Affiliate to offer to employ, any PMH Employee who was previously terminated from the employment of OSF or any of its Affiliates.

Section 8.8. Closing Deliveries. OSF shall have made the deliveries contemplated in Section 2.9.3 hereof.

Section 8.9. Closing of the Real Estate Purchase Agreement. OSF and Princeton have closed on the Real Estate Purchase Agreement in accordance with its terms or such other terms as may have been agreed upon in writing.

ARTICLE IX

CONDITIONS TO OBLIGATION OF OSF

The obligation of OSF to consummate the Transaction is subject to the fulfillment of all of the following conditions on or prior to the Closing Date, upon the non-fulfillment of any of which, this Agreement may, at OSF's option, be terminated pursuant to and with the effect set forth in ARTICLE XI:

Section 9.1. Representations and Warranties True. The representations and warranties of Princeton contained in this Agreement shall have been true and correct when made and shall be true and correct in all material respects as if originally made on and as of the Effective Time.

Section 9.2. Exhibits and Disclosures. All Exhibits and Disclosures required under this Agreement shall be complete and otherwise in final form reasonably acceptable to the Parties and the Exhibits shall be attached to the Agreement as of the Closing Date. Princeton shall have cured any Exhibits and/or Disclosures disapproved by OSF to the reasonable satisfaction of OSF prior to the Closing Date as provided in Section 2.10.

Section 9.3. Performance. Princeton shall have performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with on or prior to the Closing Date.

Section 9.4. Receipt of Consents. Receipt by the Parties of all Regulatory Approvals, governmental approvals, third party approvals, permits and licenses necessary to have been received as of the Closing.

Section 9.5. Pre-Approval of Application for Hospital License. Receipt of reasonable assurances from the Illinois Department of Public Health ("IDPH") that IDPH will issue to OSF, promptly following confirmation by OSF to it of the Closing, a license to operate Perry Memorial Hospital dated as of the Effective Time.

Section 9.6. No Government Proceeding or Litigation. No suit, action, investigation, inquiry or other proceeding by any Governmental Authority or other Person or legal or administrative

proceeding shall have been instituted or threatened which questions the validity or legality of the Transaction contemplated hereby.

Section 9.7. No Injunction. On the Closing Date there shall be no effective injunction, writ, preliminary restraining order or any order of any nature issued by a court of competent jurisdiction directing that the Transaction provided for herein not be consummated as so provided or imposing any conditions on the consummation of the Transaction contemplated hereby which OSF deems unacceptable in its sole discretion.

Section 9.8. WARN Act. Princeton shall have given all notices, if any, required under the WARN Act (or under any similar state or local laws) with respect to such requirements which are triggered associated with this Transaction.

Section 9.9. Closing Deliveries. Princeton shall have made the deliveries contemplated in Section 2.9.1 hereof and PMH Foundation shall have made the deliveries contemplated in Section 2.9.2 hereof.

Section 9.10. No Material Adverse Change. Since [September 30]³, 2020, there shall not have been any Material Adverse Change to (i) the financial condition, results of operations, prospects, or business of Perry Memorial Hospital and the PMH Ambulatory Sites or (ii) the Purchased Assets.

Section 9.11. Results of Due Diligence. OSF shall have completed its due diligence investigation of Perry Memorial Hospital, the PMH Ambulatory Sites and the Purchased Assets and the resulting information from such investigation shall have been acceptable to OSF in its sole discretion, and Princeton shall have furnished to OSF and its representatives such information and access to such books and records and personnel and the Real Estate as OSF may reasonably request for such purpose.

Section 9.12. Closing of the Real Estate Purchase Agreement. OSF and Princeton shall have closed on the Real Estate Purchase Agreement in accordance with its terms or such other terms as may have been agreed upon in writing.

ARTICLE X

SURVIVAL; INDEMNIFICATION; AND REMEDIES FOR BREACH

Section 10.1. Survival of Representations and Warranties. Except as set forth below, all representations and warranties made by the Parties pursuant hereto, and any covenant or obligation to be performed by the Parties pursuant to this Agreement or any Exhibit, agreement, instrument, certificate, or other document delivered pursuant hereto, shall survive the Closing Date hereunder regardless of any investigation made by any Party or information about any breach known to any Party prior to the Closing, shall continue in full force and effect, and shall provide a basis for the remedies provided herein or otherwise available to the non-breaching Party for a period of six (6)

³ Perry agrees that this will be updated prior to execution to reflect date of the most recent interim financial statements.

months, after which all representations, warranties, and covenants herein shall expire, terminate and be of no further force and effect; provided, however, that the representations and warranties set forth in Section 3.11, Section 3.12 and Section 3.13 shall not expire. No representation or warranty contained herein shall be deemed to have been waived, affected or impaired by any investigation made by or knowledge of any Party to this Agreement. Each agreement, representation and warranty contained herein is independent of all other agreements, representations and warranties contained herein (whether or not covering an identical or a related subject matter) and must be independently and separately complied with and satisfied. Exceptions or qualifications to any agreement, representation or warranty contained herein shall not be construed as exceptions or qualifications to any agreement, other warranty or representation.

10.1.1. Survival of Obligations Regarding Excluded Liabilities. There shall be no limitation of the survival of the agreements of Princeton regarding the Excluded Liabilities set forth in Section 2.5 of this Agreement.

10.1.2. Survival of Post-Closing Covenants. The post-closing covenants set forth in ARTICLE XII shall survive for a period of six (6) months following the Closing Date, except the Post Closing Covenants as set forth in Section 12.4 shall not expire, and those set forth in Section 12.2, Section 12.6, Section 12.9 Section 12.17 shall survive for the periods of time specifically set forth therein.

10.1.3. Survival After Notice of Claim. If OSF or Princeton provides notice of a claim prior to expiration of the relevant survival period as set forth in this Section 10.1.3, the relevant survival periods identified in this Article shall not limit the period of time required to obtain resolution of such claim.

Section 10.2. Indemnification.

10.2.1. General. From and after the Closing, the Parties shall indemnify each other as provided in Section 10.2. As used in this Agreement, the term “**Damages**” means all liabilities, demands, claims, actions or causes of action, regulatory, legislative or judicial proceedings or investigations, assessments, levies, losses, fines, penalties, damages, costs and expenses (each, a “**Claim**” and collectively, “**Claims**”), including, without limitation, reasonable attorneys’, accountants’, investigators’ and experts’ fees and expenses, sustained or incurred in connection with the defense or investigation of any such Claim.

10.2.2. Indemnification by Princeton. Princeton shall defend, indemnify, save, and keep harmless OSF and its successors and permitted assigns against and from any and all Damages suffered or incurred by any of them resulting from, arising out of or by virtue of:

10.2.2.1 Representations and Warranties. Any intentional or deliberate conduct resulting in inaccuracy in, or intentional or deliberate misconduct that is a breach of any representation and warranty made by Princeton in this Agreement or in any Exhibit, agreement, instrument, certificate or other document delivered pursuant hereto;

- 10.2.2.2 Covenants. Any intentional or deliberate misconduct that is a breach by Princeton of, or intentional or deliberate misconduct that is a failure by Princeton to comply with, its respective covenants or obligations under this Agreement or in any Exhibit, agreement, instrument, certificate or other document delivered pursuant hereto (including, without limitation, their obligations under this Section 10.2.2), or
- 10.2.2.3 Excluded Liabilities. The failure to discharge when due any of the Excluded Liabilities, or any claim against OSF with respect to any Excluded Liability, including Claims for Damages which are asserted or threatened by a Party other than the Parties hereto, their successors and permitted assigns, against OSF to the extent caused by the acts or omissions of Princeton, Perry Memorial Hospital or the PMH Ambulatory Sites prior to the Effective Time with respect to an Excluded Liability.
- 10.2.3. Indemnification by OSF. OSF shall defend, indemnify, save and keep harmless Princeton against and from all Damages sustained or incurred by it resulting from or arising out of or by virtue of:
- 10.2.3.1 Representations and Warranties. Any inaccuracy in or breach of any representation and warranty made by OSF in this Agreement or in any Exhibit, agreement, instrument, certificate or other document delivered pursuant hereto;
- 10.2.3.2 Covenants. Any breach by OSF of, or failure by OSF to comply with, any of its covenants or obligations under this Agreement or in any Exhibit, agreement, instrument, certificate or other document delivered pursuant hereto (including, without limitation, its obligations under this Section 10.2.3);
- 10.2.3.3 Assumed Liabilities. OSF's failure to pay, discharge and perform any of the Assumed Liabilities or any claim against Princeton with respect to any such Assumed Liability;
- 10.2.3.4 Operation of the Hospital. Any Claims for Damages which are asserted or threatened by a party other than the Parties hereto, their successors and permitted assigns, against Princeton, without limitation, claims for Damages which relate to Perry Memorial Hospital or the PMH Ambulatory Sites at any time prior to or after the Effective Time; or
- 10.2.3.5 Assigned Contracts: Purchased Assets. Any Claims for Damages which are asserted or threatened against Princeton by reason of the Assigned Contracts or the Purchased Assets.
- 10.2.4. Notice of Claim. In the event that any Party (the "**Indemnified Party**") shall assert a First Party Claim (as hereinafter defined) or become aware of any Third Party Claim (as hereinafter defined) in respect of which the other Party (the "**Indemnifying Party**") has agreed to indemnify the Indemnified Party pursuant to

this Agreement, the Indemnified Party shall promptly give notice thereof to the Indemnifying Party. Such notice shall specify whether the claim arises as a result of a claim asserted by a third person against the Indemnified Party (a “**Third Party Claim**”) or whether the claim is asserted by the other Party (a “**First Party Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

- (i) The factual basis for the claim; and
- (ii) The amount of the claim, if known.

10.2.5. First Party Claims. With respect to any First Party Claim, following receipt of notice from the Indemnified Party of the claim, the Indemnifying Party shall have sixty (60) days to make such investigation of the claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or prior to the expiration of such sixty (60) day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Indemnified Party the amount of the claim. If the Parties disagree as to the validity and amount of such claim, the Indemnified Party may pursue any and all rights or remedies available to said Indemnified Party as provided under this Agreement and/or Applicable Law.

10.2.6. Third Party Claims. With respect to any Third Party Claims, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defense of the claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party’s out-of-pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in, but not control, the negotiation, settlement or defense of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defenses or cross claims). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control. In such event, the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim, and all costs and expenses and liabilities related to such Third Party Claim shall be paid by the Indemnifying Party.

10.2.7. Settlement of Third Party Claims. If the Indemnifying Party fails to assume control of the defense of any Third Party Claim in accordance with Section 10.2.6, the

Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed, and the Indemnifying Party shall pay all costs and expenses related to such Third Party Claim and/or settlement. Indemnifying Party shall not enter into any settlement which admits faults by the Indemnified Party or settle or dispose of a claim of a criminal nature without written permission of the Indemnified Party.

10.2.8. Cooperation. The Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including promptly supplying copies of all relevant documentation as it becomes available).

Section 10.3. Exclusive Remedy: Specific Performance, etc. The rights and remedies provided for in Section 10.2 shall be the sole and exclusive rights and remedies of the Indemnified Persons with respect to any matter relating to this Agreement, or otherwise relating to the transactions contemplated by this Agreement or arising under or in connection with this Agreement.

Section 10.4. Remedies for Breach. Notwithstanding the provision of Section 10.3, Princeton shall have the right to enforce OSF's covenants under Section 12.2, Section 12.4, Section 12.5, Section 12.6, Section 12.9, Section 12.16, by an action for specific performance or injunctive relief if OSF fails to cure within sixty (60) days (or fails thereafter to diligently pursue such cure to completion in no more than an additional one hundred twenty (120) days) of receipt of written notice by Princeton of a material breach by OSF of any such covenant, which notice shall be given not later than sixty (60) days following the date Princeton has Knowledge of the breach. Subject to the exception noted below, if (a) OSF ceases to operate the Hospital Facilities as an acute care hospital (including inpatient services) at any time during the first five (5) years following the Effective Time, or (b) ceases to provide health care services in the local community at the level and scope comparable to that provided to the local communities served by other critical access hospitals owned and operated by OSF for the fifteen (15) years following the Effective Time, then Princeton shall have the option to require OSF to: (1) tender back to Princeton some or all of the real property and improvements conveyed to OSF under this Agreement at a price equal to the depreciated value of the improvements (e.g., replacement of a roof, or replacement of the HVAC system) thereto by OSF made after the Closing; (2) sell back to Princeton some or all assets and equipment assigned or transferred by Princeton to OSF under this Agreement that are still in use at Perry Memorial Hospital or the PMH Ambulatory Sites at a price equal to the depreciated value of the assets; (3) provide Princeton the opportunity to purchase or lease, at fair market value, all real property, improvements and equipment or other similar assets used at Perry Memorial Hospital or the PMH Ambulatory Sites that were acquired by OSF after the Effective Time; (4) cooperate with Princeton in the transition of contracts, licenses, permits, and accreditations related to the operation of Perry Memorial Hospital or the PMH Ambulatory Sites; (5) permit Princeton to offer employment to, and not prevent such by enforcing a non-compete or other right, the PMH Employees who provide services at Perry Memorial Hospital or any PMH Ambulatory Sites as those facilities are operated by OSF (provided, however, for a unique or strategically valuable physician or other unique or strategically valuable employee, OSF may decline to waive the non-compete); and (6) take all other actions reasonable and necessary to unwind this Agreement (collectively the "**Options**"). *Provided, however,* if OSF ceases to operate the Hospital Facilities as an acute care hospital (including inpatient services) at any time during the first five (5) years following the Effective Time as a result of changes to Medicare reimbursement resulting in

Hospital Facilities and Services no longer receiving cost-based reimbursement as a critical access hospital, then Princeton shall not have the right to exercise the Options.

ARTICLE XI

TERMINATION

Section 11.1. Methods of Termination. Anything to the contrary herein notwithstanding, OSF or Princeton may, at or prior to the Closing Date, terminate this Agreement and the transactions contemplated hereby under any of the following circumstances:

11.1.1. Mutual Consent. By mutual written consent of OSF and Princeton.

11.1.2. Exhibits and Disclosures. By OSF or Princeton, if in its reasonable discretion, either Party determines that it should not consummate the Transaction because of any information contained in an Exhibit or Disclosure required under this Agreement that is delivered to such Party after the Execution Date that materially and adversely affects the benefits to be received by the Party pursuant to the Transaction, as provided in Section 2.10.

11.1.3. Conditions Precedent to Closing.

11.1.3.1 By OSF on the Closing Date, if any of the conditions to OSF's obligations provided for in ARTICLE IX of this Agreement have not been met by Princeton or waived in writing by OSF prior to such date; or

11.1.3.2 By Princeton on the Closing Date, if any of the conditions to Princeton's obligations provided for in ARTICLE VIII of this Agreement shall not have been met by OSF or waived in writing by Princeton prior to such date.

11.1.4. Closing Date Deadline. By either OSF or Princeton, if the Closing shall not have occurred at or before 12:01 a.m. on [REDACTED], 2021; provided, however, that the right to terminate this Agreement under this Section 11.1.4 shall not be available to any Party whose breach of a representation or warranty or failure to fulfill any material obligation under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or prior to such date.

Section 11.2. Procedure Upon Termination. In the event of termination by OSF or Princeton, or OSF and Princeton pursuant to Section 11.1 hereof, written notice thereof shall forthwith be given to the other Parties and the Transaction shall be terminated, without further action by any Party except as hereinafter provided in this Section. If the Transaction is terminated as provided herein, each Party will return all documents, work papers and other material of any other Party relating to the Transaction, whether so obtained before or after the Execution Date, to the other Parties.

Section 11.3. Remedies. In the event of a breach of this Agreement prior to Closing, the non-breaching Parties shall not be limited to the remedy of termination of this Agreement, but shall be entitled to pursue all available legal and equitable rights and remedies, and shall be entitled to

recover all of its reasonable costs and expenses incurred in pursuing them (including, without limitation, reasonable attorneys' fees).

ARTICLE XII

POST CLOSING COVENANTS

Section 12.1. Name. Effective as of the Effective Time, OSF will rename the Hospital Facilities and the PMH Ambulatory Sites to a name or names determined by OSF prior to the Closing Date in consultation with the Board of Directors of Perry Memorial Hospital.

Section 12.2. Maintenance of Services and Operations. OSF will use its best efforts to continue operating the Hospital Facilities under an acute care hospital status (including inpatient services). OSF does not anticipate changes to the scope of services or level of care at the Hospital Facilities for the first five (5) years following the Effective Time, and will integrate those services into the regional service plan with other OSF facilities, with input from the local Community Council established pursuant to Section 12.6 in the event of changing circumstances. OSF will use its best efforts to provide health care services in the local community at sufficient level and scope to meet the community health needs for the fifteen (15) years following the Effective Time. OSF will make a good faith effort to make available services of physicians in a variety of specialties, and in particular ENT and rheumatology services, within the capability of OSF. OSF will evaluate existing and projected Perry Memorial Hospital services to determine positive return on investment with consideration for health benefit and impact on organization financial status. OSF will use its best efforts to arrange for or provide telehealth services appropriate for the Princeton community similar to those that are available in other OSF critical access hospitals, and in particular agrees to use its best efforts to make available within one (1) year following the date of the "go live" date of the Epic electronic medical record installation, electronic intensive care unit telehealth services, and such other telehealth services as are available at other OSF critical access hospital facilities. Subject to adherence to the moral teachings of the Roman Catholic Church, OSF agrees that patients will be informed of the choices that are available for healthcare services, and OSF agrees to respect the patient's choice for where care will be received.

Section 12.3. Electronic Medical Record. The Epic electronic medical record will be installed and used in the operation of the Hospital Facilities.

Section 12.4. Capital Support. Following the Effective Time, OSF will support the Hospital Facilities and Services through capital allocations following the same discernment and decision-making processes OSF utilizes for all of its other hospitals throughout its ministry. However, during the period of time between the Effective Time and the start of the first annual budget cycle following the Effective Time, or within six (6) months of the Effective Time, whichever occurs first, OSF will provide a capital allocation of at least Five Hundred Thousand and No/00 Dollars (\$500,000.00) to be used for a patient care initiative (e.g., surgery improvement project, expansion of telehealth services) with the initiative to be determined after further diligence and by agreement of Perry and OSF. The project will be determined prior to the Closing so the project can be announced to the community by the parties. Following the Closing Date, OSF Foundation will follow its policies and practices for all expenditures to support the Hospital Facilities and Services,

taking in to account the hospital's Community Health Needs Assessment, and other identified community needs related to OSF's mission.

Section 12.5. Use of Donor Funds. All bequests, gifts, endowments held by Perry Memorial Hospital, or by Princeton, on behalf of Perry Memorial Hospital, as of the Closing Date shall, as of and following the Effective Time, be restricted for the support of the Hospital Facilities and Services. OSF shall honor donor intent with respect to all bequests, gifts and endowments received by Perry Memorial Hospital prior to the Closing Date that are restricted as to use or manner of investment. All bequests, gifts, endowments held by PMH Foundation, as of the Closing Date shall, as of and following the Effective Time, be restricted for the support of the Hospital Facilities and Services, and health care services in the counties of Bureau, Putnam, and Marshall. OSF shall honor donor intent with respect to all bequests, gifts and endowments received by PMH Foundation prior to the Closing Date that are restricted as to use or manner of investment.

Section 12.6. Community Council. Effective as of the Effective Time, OSF will establish a community council for the Hospital ("**Community Council**") to provide continued local input on services provided by the Hospital and to support OSF Healthcare Foundation in raising funds in support of the Hospital Facilities and Services. As of and following the Effective Time, OSF will, and OSF will cause OSF Healthcare Foundation to, support the efforts of the Community Council. All funds raised by such Community Council following the Effective Time will be used solely to support the Hospital Facilities and Services. The Community Council shall be governed and managed in a manner consistent with community councils established and operated in support of other hospitals owned, operated, or controlled by OSF. The initial members of the Community Council shall be those persons nominated by the Perry Memorial Hospital Board of Directors prior to the Closing Date, one person nominated by the PMH Foundation Board of Directors prior to the Closing Date, and one person nominated by the City Council of Princeton prior to the Closing Date, and approved by the OSF Board. At all times during the fifteen (15) years after the Effective Time that the Community Council is in existence, the Community Council shall include one member nominated by the City Council of Princeton and approved by the OSF Board. If OSF reorganizes, or ceases to operate and dissolves, the community councils at OSF's other critical access hospitals, then the Community Council may be treated in the same manner and may also be reorganized or dissolved; provided OSF commits to operate the Community Council during the five (5) years following the Effective Time. If OSF reorganizes, or ceases to operate and dissolves, the Community Council, then thereafter until fifteen (15) years after the Effective Time: (a) Princeton may annually request information from OSF on the level and scope of health care services provided in the Princeton community and at other OSF critical access hospitals, and information on the disposition and use of the Foundation's assets; (b) OSF shall timely respond to such request and provide such information; and (c) at Princeton's request, OSF will consult annually with Princeton about the level and scope of health care services needed in the Princeton community.

Section 12.7. OSF Policies. Following the Effective Time, OSF's operation of the Hospital Facilities and Services will adhere to and comply with all policies of OSF applicable to hospitals owned and operated by OSF.

Section 12.8. Medical Staff. To ensure continuity of care in the communities served by the Hospital, the members of the medical staff of Perry Memorial Hospital who are in good standing

immediately prior to the Effective Time will maintain medical staff privileges at the Hospital, subject to the Hospital's medical staff bylaws.

Section 12.9. Employment. OSF will apply OSF's HR policies and procedures to PMH employees hired by OSF in the same manner as the policies and procedures are applied to employees at other OSF facilities, including those relating to education assistance. All employees who become employed by OSF will continue to be employed for not less than twelve (12) months following the Closing Date, subject to resignation or involuntary termination pursuant to applicable OSF human resource policies. PMH Employees who are registered nurses and need educational upgrades to comply with any OSF requirement for a BSN will receive the time reasonably required to complete the education. All PMH Employees who become employees of an OSF Employer will receive credit for service with Princeton, as if such service were with the OSF Employer, for purposes of determining the rate of accrual of paid time off and severance benefits under the applicable policies of the OSF Employer. OSF will, and will cause any other OSF Employer to, recognize and provide credit for periods of service with Princeton prior to the Effective Time, as if such service were with the OSF Employer, for eligibility and vesting purposes under its employee benefit arrangements. Notwithstanding the foregoing, (a) employees of PMH and Princeton will not become entitled to any benefits under any OSF Employer's frozen defined benefit pension plans and (b) the service of employees of Princeton prior to the Effective Time will not be counted in determining such employees' entitlement to share in the discretionary employer contribution made to an OSF Employer's defined contribution retirement plans. Subject to the requirements of this Section 12.9, nothing in this Agreement shall prevent an OSF Employer from terminating the employment of any employee of PMH or Princeton who is hired by an OSF Employer, or from modifying or terminating any OSF benefit arrangements or policies from time to time. All PMH and Princeton employees who are hired by an OSF Employer who provide healthcare services shall abide by the Ethical and Religious Directives. Notwithstanding the foregoing, OSF will offer former PMH Employees and their eligible spouses identified to OSF in writing at Closing (i) who are under the age of sixty-five (65) and (ii) who are entitled to and receiving post-retirement continuation of group health plan coverage for a period longer than the continuation period required under COBRA, as of the Effective Time, continuation coverage under OSF's group health plan, but not beyond the continuee's sixty-fifth (65th) birthday, for the same cost paid by OSF employees eligible for COBRA benefits, for so long as COBRA benefits are provided by OSF to its employees. The parties anticipate that the number of continuees will be at least five (5). The initial estimate of the number of continuees will be provided by PMH on the Execution Date and the final number shall be determined by agreement at Closing.

Section 12.10. Catholic Teachings. As of and following the Closing, the Hospital will at all times be managed and operated by OSF in accordance with the moral teachings of the Roman Catholic Church, including Canon Law and the Ethical and Religious Directives.

Section 12.11. Certain Assignments. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute an agreement to assign or transfer any permit, instrument, contract, lease, permit or other agreement or arrangement, or any claim, right or benefit arising thereunder or resulting therefrom, if an assignment or transfer or an attempt to make such an assignment or transfer without the consent of a third party would constitute a breach or violation thereof or affect adversely the rights of OSF, Princeton or the Hospital, and any transfer or

assignment of any interest under any such instrument, contract, lease, permit or other agreement or arrangement that requires the consent of a third party shall be made subject to such consent or approval being obtained. In the event any such consent or approval is not obtained on or prior to the Closing Date, Princeton shall continue to use all reasonable efforts to obtain such approval or consent after the Closing Date until such time as such consent or approval has been obtained, and Princeton shall cooperate with OSF in any reasonable arrangement to provide that OSF shall receive the benefits under any such instrument, contract, lease, permit or other agreement or arrangement, including performance by Princeton as agent, if economically feasible, provided that OSF shall undertake to pay or satisfy the corresponding liabilities for the enjoyment of such benefit to the extent OSF would have been responsible therefor if such consent or approval had been obtained. Nothing in this paragraph shall be deemed a waiver of OSF's rights to have received as of the Closing Date an effective assignment of all of the Purchased Assets, nor shall this paragraph constitute an agreement to exclude any asset or right from the Purchased Assets.

Section 12.12. Sales and Transfer Taxes and Fees. Princeton shall pay when due from assets other than the Purchased Assets, all sales taxes and/or use taxes, recording fees, personal property title application fees, patent and trademark assignment registration fees, and all other taxes and fees on transfer of the Purchased Assets arising by virtue of the sale of the Purchased Assets to OSF, imposed upon Princeton as the seller. OSF shall pay when due all sales taxes and/or use taxes, recording fees, personal property title application fees, patent and trademark assignment registration fees, and all other taxes and fees on transfer of the Purchased Assets arising by virtue of the purchase of the Purchased Assets by OSF, imposed upon OSF as the buyer. If required by law, the Parties will, and will cause their Affiliates to join in the execution of any tax returns or other documentation related to such taxes; further, the Parties will cooperate in securing any exemption from such transfer taxes and fees.

Section 12.13. Disclosure of Confidential Information. As a further inducement for the Parties to enter into this Agreement, Princeton and OSF agree that, except for disclosures required pursuant to the Illinois Freedom of Information Act or the Illinois Open Meetings Act, for a period of five (5) years after the Effective Time, they shall, and shall cause their respective Affiliates to, hold in strictest confidence, and not, without the prior written approval of the other Party, use for their own benefit or the benefit of any party or disclose to any Person, firm or corporation (other than for the care and treatment of patients, billing and collection, defense of lawsuits, responses to inquiries from governmental authorities, or as otherwise required by law) any confidential or proprietary information of any kind relating to the other Party (including, with respect to Princeton, information regarding the Purchased Assets), except such information as was publicly available prior to Execution Date, or information that is publicly available through no fault of the Parties.

Section 12.14. Telephone and Fax Numbers. The Telephone and Fax Numbers shall be assigned to OSF as of the Closing Date, and Princeton shall take any and all actions which OSF deems appropriate in connection with the Telephone and Fax Numbers. Princeton shall not use the Telephone and Fax Numbers after the Closing Date.

Section 12.15. Employee Wages and Benefits. Princeton shall ensure PMH timely pays accrued salary, wages, benefits and any other compensation due to the PMH Employees as of the Effective Time who are retained by OSF, including paid time off, sick leave and other benefits earned under applicable employee benefit plans.

Section 12.16. Reimbursement. Princeton shall promptly remit to OSF all payments received by Princeton and Perry Memorial Hospital for health care services rendered by Perry Memorial Hospital and the PMH Ambulatory Sites prior to the Effective Time.

Section 12.17. IMRF Forfeiture Exhibit 12.18 identifies:

12.17.1. Each PMH Employee (“**Unvested Employee**”) immediately prior to the Closing Date who will have terminated employment with the City of Princeton on the Closing Date and prior to fully vesting in his/her Illinois Municipal Retirement Fund (“**IMRF**”) benefit, and

12.17.2. The percent of annual salaries to be paid to Unvested Employees as annual bonuses, based upon their respective IMRF tiers and number of IMRF years of service at PMH Memorial Hospital as of the Closing Date.

OSF shall pay to each Unvested Employee who becomes an employee of OSF on the Closing Date an annual bonus within thirty (30) days following the end of (a) the first twelve (12) month period following the Closing Date, (b) the second twelve (12) month period following the Closing Date and (c) the third twelve (12) month period following the Closing Date (each an “**Annual Bonus Eligibility Date**”). Each annual bonus will be a percentage of annual salary for the Unvested Employee for the twelve month period preceding the Closing Date, determined by IMRF tier and IMRF years of service, according to the chart set forth on Exhibit 12.17.

However, OSF’s obligation to pay annual bonuses will be subject to the following requirements: (a) annual bonuses will only be paid to an Unvested Employee if he/she completes each year of service with OSF and is employed by OSF on the applicable Annual Bonus Eligibility Date; and (b) the total amount of the annual bonuses paid to all Unvested Employees shall not exceed the sum of Six Hundred Twenty Five Thousand (\$625,000.00) Dollars. If the total amount of annual bonuses for which Unvested Employees are eligible exceeds this amount, then the total annual bonuses for which each Unvested Employee is eligible will be reduced pro rata.

Section 12.18. Further Assurances. Each Party will, from time to time after the Closing, upon the reasonable request of another Party at the requesting Party’s expense, execute, acknowledge, and deliver all such further acts, deeds, assignments, transfers, conveyances, and assurances as may be reasonably required to consummate the Transaction.

Section 12.19. Right of First Option. For five (5) years after the Effective Time, OSF shall have a first option to acquire from Princeton at fair market value the properties identified in Sections 2.3.1.1 and 2.3.1.2. If Princeton intends to sell either property, then Princeton shall provide OSF with written notice of the intent to sell, and OSF shall have thirty (30) days to state in writing its intent to purchase the property. The purchase price shall be fair market value (i.e., a willing buyer and willing seller), and the purchase shall close within a reasonable period of time after OSF informs Princeton of OSF’s intention to exercise this option. The Parties agree to prepare and sign at the Closing a mutually agreeable memorandum memorializing these rights, to be filed by Princeton.

Section 12.20. PMH Foundation. As soon as practicable after the Effective Time, PMH Foundation shall permanently cease all business activity, promptly wind up its affairs, transfer to OSF all of its assets remaining after satisfaction of all of its liabilities and debts, and thereafter dissolve.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 13.1. Agreement to Use Reasonable Efforts. The Parties agree that upon execution of this Agreement, each Party shall proceed in good faith and use commercially reasonable efforts to effectuate the actions contemplated herein toward the completion of the Transaction, in accordance with the provisions hereof.

Section 13.2. No Shop Clause. Princeton agree that, from and after the Execution Date until the earlier to occur of the Closing Date or the termination of this Agreement, Princeton will not, without the prior consent of OSF, explore, meet, discuss, negotiate, directly or indirectly, or enter into an agreement with any third party for the purpose of discussing, organizing, formulating, designing, developing, investing in or implementing an arrangement that could lead to a change in control, sale of equity, lease of assets, sale of assets, joint operating agreement/joint operating company, merger, consolidation, liquidation, academic affiliation or any other business relationship similar to the Transaction contemplated by this Agreement. Princeton shall promptly notify OSF by telephone and thereafter confirm in writing, if any such discussions or negotiations are sought to be initiated with Princeton or if any such proposal or possible proposal is received directly or indirectly by Princeton. In the event Princeton or any of its representatives receives an unsolicited offer relating to a type of transaction described above, Princeton shall promptly inform the person or organization making such unsolicited offer of the existence of the restrictions of this Section 13.2, but not the other contents of this Agreement (including OSF's identity unless such disclosure has been previously made to the public by joint press releases or filing with a Governmental Authority), and Princeton shall reject such offer.

Section 13.3. Number of Days. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday on which governmental offices of the State of Illinois are not open generally for non-emergency business, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or such holiday.

Section 13.4. Statutory References. A reference in this Agreement to a statute or statutory provision means such statute or statutory provision as it has been amended through the date as of which the particular Agreement provision is to take effect, or to any successor statute or statutory provision relating to the same subject as the statutory provision referred to in this Agreement, and to any then applicable rules or regulations promulgated thereunder.

Section 13.5. Consents and Approvals. Except to the extent a contrary intention is expressly set forth herein, whenever a Party is to provide its approval of or consent to an action, condition or event, such approval or consent shall be in writing and shall not be unreasonably withheld or delayed.

Section 13.6. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by a Party hereto without the prior written consent of the other Party, and any such assignment without consent, by operation of law or otherwise, may be disregarded by the other Party for purposes of this Agreement, except that OSF may assign its rights and obligations under this Agreement to one of its Affiliates.

Section 13.7. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions thereof, and each provision is hereby declared to be separate, severable and distinct.

Section 13.8. Amendment and Modification. This Agreement may not be amended or otherwise modified other than by a written agreement signed by all of the Parties hereto.

Section 13.9. Waiver. No failure or delay on the part of either Party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege. No waiver of any right, remedy, power or privilege with respect to any breach or occurrence shall be construed as a waiver of such right, remedy, power or privilege with respect to any other breach or occurrence, nor shall such waiver be construed as a waiver of any other right, remedy, power or privilege.

Section 13.10. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to conflicts of laws principles.

Section 13.11. Jurisdiction; Service of Process. Any suit, action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against any of the Parties only in the Circuit Court of the State of Illinois, County of Peoria, or, if it has or can acquire the necessary jurisdiction, in the United States District Court for the Central District of Illinois, and each of the Parties consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and irrevocably waives any objection to venue laid therein.

Section 13.12. Expenses. Except as provided in the following sentence, each Party will bear all fees, expenses and costs and those of its agents, advisors, attorneys, accountants and consultants which it incurs with respect to the Proposed Transaction, including, without limitation: (a) the negotiation of the Letter of Intent; (b) the conduct of due diligence; (c) the negotiation of this Agreement; (d) the Closing; and (e) all governmental filings and other proceedings required in connection with the Proposed Transaction. Notwithstanding the foregoing, OSF shall pay the filing fees for any filings with the Planning Board.

Section 13.13. Recovery of Fees by Prevailing Party. If any Party seeks to resolve a dispute hereunder pursuant to a legal proceeding, the prevailing Party in such proceeding shall be entitled to recover from the other Party reasonable fees and expenses (including reasonable attorneys' fees and expenses) incurred in connection with such proceeding.

Section 13.14. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent designated for overnight delivery by nationally recognized overnight air courier (such as Federal Express, UPS or DHL), one (1) Business Day after mailing; (c) if sent by facsimile transmission or electronic mail before 5:00 p.m. (sender's time) and receipt is confirmed through a delivery report, upon delivery; (d) if sent by facsimile transmission or electronic mail after 5:00 p.m. (sender's time) and receipt is confirmed through a delivery report, on the following Business Day; and (e) if otherwise actually personally delivered, when delivered, provided that such notices, requests, demands and other communications are delivered to the addresses set forth below, or to such other address as a Party shall provide by like notice to the other Party:

If to Princeton, to:

Perry Memorial Hospital
Attn: CEO
530 Park Avenue East
Princeton, IL 61356
F: 815.876.2404
Email: pluker@perrymemorial.org

with a copy to:

Hall Render Killian Heath & Lyman
Attn: Steven H. Pratt
500 N. Meridian Street
Suite #400
Indianapolis, Indiana 46204
F: ()
Email: spratt@hallrender.com

and

Miller, Hall & Triggs, LLC
Attn: Richard Joseph
416 Main Street
Suite 1125
Peoria, IL 61602
F : (309) 671-9616
Email : richard.joseph@mhtlaw.com

If to OSF, to:

OSF HealthCare System
Attn: Chief Executive Officer
800 N.E. Glen Oak Avenue
Peoria, IL 61603-3200
F: (309) 655-4982
email: Robert.C.Sehring@osfhealthcare.org

with a copy to:

OSF HealthCare System
Attn: Senior Vice President, Legal Services

OSF Healthcare System
800 N.E. Glen Oak Ave.
Peoria, IL. 61603-3200
F: (309) 655-6869
email: robert.brandfass@osfhealthcare.org

Any Party may alter the address to which communications or copies are to be sent by giving notice of such change of address to the other Parties in accordance with the provisions of this Section.

Section 13.15. Counterparts; Signatures. The Parties agree that this Agreement may be executed in multiple originals, each of which shall be considered an original for all purposes and, collectively, shall be considered to constitute this Agreement. The Parties further agree that signatures transmitted by facsimile or in a Portable Document Format (pdf) may be considered an original for all purposes, including, without limitation, the execution of this Agreement and enforcement of this Agreement.

Section 13.16. Entire Agreement. This Agreement, including the Exhibits hereto and the other documents and certificates delivered pursuant to the terms hereof, set forth the entire agreement and understanding of the Parties hereto in respect of the subject matter contained herein, and supersede all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any Party hereto, including, without limitation, the Letter of Intent. In entering into this Agreement, no Party is relying on any representation, warranty, inducement or other statement made by or on behalf of any other Party except as contained herein. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

Section 13.17. No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors and permitted assigns. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person or corporation other than the Parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

Section 13.18. Interpretation. This Agreement is a result of negotiations between the Parties, none of whom have acted under any duress or compulsion, whether legal, economic or otherwise. Accordingly, the Parties hereby waive the application of any rule of law that otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the Party who (or whose attorney) prepared the executed Agreement or any earlier draft of the same.

[Signature page follows]

IN WITNESS WHEREOF, each of the Parties has executed this Affiliation Agreement as of the Execution Date.

THE CITY OF PRINCETON

By:

Its:

**THE PERRY MEMORIAL HOSPITAL
FOUNDATION**, for the sole purpose of those obligations related to PMH Foundation including Section 2.2, Article IV, and Article VI.

By:

Its:

OSF HEALTHCARE SYSTEM

By: Sister Judith Ann Duvall, O.S.F.,

Its: Chairperson

LIST OF ALL EXHIBITS

Exhibit A	PMH Ambulatory Sites
Exhibit 1.1	Definitions
Exhibit 2.1.1	Real Estate Purchase Agreement
Exhibit 2.1.2.1	Furniture, Fixtures and Equipment
Exhibit 2.1.2.3	Contracts
Exhibit 2.1.2.4	Licenses and Permits
Exhibit 2.1.2.6	Telephone and Fax Numbers
Exhibit 2.1.2.7	Intellectual Property
Exhibit 2.1.2.10	Clinical Trials
Exhibit 2.2	Restricted Foundation Funds
Exhibit 2.9.1.8	Assignments of Accounts Receivable
Exhibit 2.9.1.9	Bills of Sale
Exhibit 2.9.1.10	Assignment and Assumption Agreement
Exhibit 2.9.1.11	List of Contracts Requiring Notice and/or Consent
Exhibit 2.9.1.19	PPP Loan Escrow Agreement
Exhibit 3.11.3	Leased Real Estate
Exhibit 3.12.3	Environmental Permits
Exhibit 3.12.5	Real Estate - Hazardous Substances
Exhibit 3.15	Insurance Coverages
Exhibit 3.20.1	Compliance with Laws
Exhibit 12.17	IMRF Forfeiture

EXHIBIT A
PMH AMBULATORY SITES

EXHIBIT 1.1

Definitions

All capitalized terms used in the Agreement shall have the meanings ascribed to them below, unless the usage or context in the Agreement requires another meaning:

“Accounts Receivable” is defined in Section 2.1.2.9 of the Agreement.

“Accreditation” means accreditations by various accreditation organizations, including, without limitation, The Joint Commission.

“Affiliate” means any entity which is under the Control of, or which is under common Control with, the subject entity.

“Agreement” means the Affiliation Agreement, dated [REDACTED], 2021, by and among Princeton, PMH Foundation and OSF Healthcare System.

“Annual Bonus Eligibility Date” is defined in Section 12.17 of the Agreement.

“Applicable Law” means all applicable Federal, state and local laws, statutes, ordinances, rules, regulations, codes and any judgement, decree, order, writ or injunction of any court or regulatory body.

“Assigned Contracts” is defined in Section 2.1.2.3 of the Agreement.

“Assignment and Assumption Agreement” is defined in Section 2.9.1.10 of the Agreement.

“Assumed Liabilities” is defined in Section 2.4 of the Agreement.

“Balance Sheet Date” is defined in Section 3.8 of the Agreement.

“Canon Law” means the Code of Canon Law of the Roman Catholic Church.

“Canonical Approvals” means the approval of the Transaction from all necessary authorities of the Roman Catholic Church.

“CARES Act” is defined in Section 3.9 of the Agreement.

“Cash and Investments” is defined in Section 2.1.2.8 of the Agreement.

“Claim or Claims” is defined in Section 10.2.1 of the Agreement.

“Closing” means the consummation of the Transaction on the Closing Date provided that the conditions of Closing set forth in ARTICLE VIII and ARTICLE IX have been satisfied or waived by the Parties.

“Closing Date” is defined in Section 2.7 of the Agreement.

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

"Collection Case" is defined in Section 3.19 of the Agreement.

"Communications Plan" is defined in Section 7.3 of the Agreement.

"Community Council" is defined in Section 12.6 of the Agreement.

"Containers" means above-ground storage tanks in excess of 250 gallons, all under-ground storage tanks and all other related vessels and related equipment and containers.

"Contamination" means the presence of any Environmental Condition that may give rise to any Environmental Claim under any Environmental Law.

"Control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities or membership interests, by contract or otherwise.

"Damages" is defined in Section 10.2.1 of the Agreement.

"Disclosures" is defined in Section 2.10 of the Agreement.

"Documents and Records" is defined in Section 2.1.2.5 of the Agreement.

"Drugs" is defined in Section 2.1.2.2 of the Agreement.

"Effective Time" is defined in Section 2.7 of the Agreement.

"Environmental Claim" means any and all claims, demands, demands for performance of any action, proceedings, causes of action, suits, orders, notices, obligations, rights of indemnification, contribution or subrogation, debts or liabilities whatsoever, suspected or unsuspected, foreseeable or unforeseeable, contingent or fixed, liquidated or unliquidated, insured or uninsured, which may arise as a result of violation of any Environmental Laws with respect to the Real Property.

"Environmental Condition" means the state of the environment, including natural resources (e.g., flora and fauna), soil, surface water, groundwater, any present or potential potable water supply, subsurface strata, or ambient air relating to or arising out of the use, handling, storage, treatment, recycling, generation, transportation, Release, or threatened Release of Hazardous Substances.

"Environmental Laws" means all applicable federal, state and local statutes, regulations, ordinances, rules, regulations and policies, all court orders and decrees and arbitration awards, and the common law, which pertain to environmental matters or Contamination of any type whatsoever; and Environmental Laws shall include, without limitation, those relating to: manufacture, processing, use, distribution, treatment, storage, disposal, generation or transportation of Hazardous Substances; air, surface or ground water or noise pollution; Contamination; Releases; protection of wildlife, endangered species, wetlands or natural

resources; Containers; health and safety of employees and other persons; and notification requirements relating to the foregoing.

“Environmental Permits” means all licenses, permits, registrations, governmental approvals, agreements and consents which are required under or are issued pursuant to Environmental Laws.

“Equipment” is defined in Section 2.1.2.1 of the Agreement.

“Ethical and Religious Directives” means the Ethical and Religious Directives for Catholic Health Services, as amended from time to time, promulgated by the United States Conference of Catholic Bishops, as interpreted and applied by the appropriate ecclesiastical authority.

“Excluded Assets” is defined in Section 2.3 of the Agreement.

“Excluded Liabilities” is defined in Section 2.5 of the Agreement.

“Execution Date” means [REDACTED], 2021.

“Exhibits” is defined in Section 2.10 of the Agreement.

“First Party Claim” is defined in Section 10.2.4 of the Agreement.

“Fiscal Year” means with respect to Princeton and Perry Memorial Hospital, the twelve month period beginning on January 1 of any calendar year and ending of December 31 of such year.

“GAAP” means United States Generally Accepted Accounting Principles, consistently applied.

“Governmental Authority” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrument of any nation or any province, territory, state, county, city or other political subdivision of any nation or any other governmental or quasi-governmental, local, national or international body thereof.

“Hazardous Substances” means all pollutants, contaminants, Contamination, pesticides, radioactive substances, solid wastes or hazardous or extremely hazardous, special, dangerous or toxic wastes, substances, chemicals or materials within the meaning of any Environmental Law, including without limitation, any (A) “hazardous substance” as defined in CERCLA, and (B) any “hazardous waste” as defined in the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C., Sec. 6902 et seq., and all amendments thereto and reauthorizations thereof.

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

Administrative False Claims Law (42 U.S.C. §1320a-7b(a)), HIPAA and the HIPAA Privacy Rule, the HIPAA Security Rule, HIPAA Standards for Transactions and Code Sets, HIPAA Enforcement Rule and HIPAA Breach Notification Rule (42 U.S.C. 1320d through 1320d-9; 45 CFR Parts 160, 162 and 164), the Federal Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 U.S.C. 290ee-3), Hart-Scott-Rodino Antitrust Improvements Act, the Rehabilitation Act, the Americans with Disabilities Act, the Occupational Safety and Health Administration statutes and regulations for blood borne pathogens and workplace risks, and any state and local laws that address the same or similar subject matter. Health Care Laws also include Federal, state and local laws applicable to health care provider and facilities, including, without limitation, laws related to: Federal and state health care program billing, cost reporting, revenue reporting, payment and reimbursement; Federal and state health care program fraud, abuse, theft or embezzlement; procurement of health care services, human and social services, and other health related services; employee background checks and credentialing of employees; credentialing and licensure of facilities or providers of such services; zoning, maintenance, safety and operations of group homes, residential facilities and day programs, and other building health and safety codes and ordinances; certificate of need laws; state law restrictions on the corporate practice of medicine (or the corporate practice of any other health related profession); eligibility for Federal and state health care program contracting, including any requirements limiting contracting to nonprofit or tax exempt entities; patient information and medical record confidentiality, including psychotherapy and mental health records; splitting of health care fees; patient brokering, patient solicitation, patient capping, and/or payment of inducements to recommend or refer, or to arrange for the recommendation or referral of, patients to health care providers or facilities; standards of care, quality assurance, risk management, utilization review, peer review, and/or mandated reporting of incidents, occurrences, diseases and events; advertising or marketing of health care services; and the enforceability of restrictive covenants on health care providers.

“Hired Mid-Level Provider” means a mid-level provider providing services to Perry Memorial Hospital prior to the Closing Date who accepts an offer of employment with an OSF Employer.

“Hired Physician” means a physician providing services to Perry Memorial Hospital prior to the Closing Date who accepts an offer of employment with an OSF Employer.

“Hospital Facilities and Services” or **“Hospital Facilities”** means the facilities used in the operation of, and the inpatient and outpatient services provided at, Perry Memorial Hospital prior to the Effective Time and owned and operated by OSF as of the Effective Time.

“IDES Reports” is defined in Section 3.18.3 of the Agreement.

“IMRF” means the Illinois Municipal Retirement Fund.

“Indemnified Party” or **“Indemnifying Party”** is defined in Section 10.2.4 of the Agreement.

“Intellectual Property” is defined in Sections 2.1.2.7 of the Agreement.

“Key Management Personnel” means: (a) with respect to Princeton, the Mayor and City Council of the City of Princeton as to the representations and warranties set forth in Section 3.1, 3.2 and 3.3 of the Agreement and the Chief Executive Officer, Chief Financial Officer, and Chief Nursing Officer of Perry Memorial Hospital and the members of the Board of Directors of Perry Memorial

Hospital as to any other matters; or (b) with respect to OSF, members of the OSF board of directors and vice-president level and above employees of OSF.

“Knowledge”, “Known”, “Knowingly”, “to the Knowledge” or any variant thereof shall, when qualifying any representation, warranty or other statement in this Agreement, mean: (i) all information of which Key Management Personnel of a Party are actually aware; (ii) (iii) all information that would with reasonable diligence in the ordinary course of the performance of their normal duties come to the attention of Key Management Personnel of a Party responsible for verifying the accuracy thereof for purposes of this Agreement.

“Leased Real Estate” is defined in Section 3.11.3 of the Agreement.

“Letter of Intent” is defined in Recital F of the Agreement.

“Licenses and Permits” is defined in Section 2.1.2.4 of the Agreement.

“Material Adverse Change” means any condition, change, event, violation, inaccuracy, circumstance or effect that:

Individually or in the aggregate, could reasonably be expected to result in: (i) liabilities with respect to Applicable Laws, including, without limitation, Health Care Laws, or Payment Programs in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00); or (ii) the inability of Princeton to continue to operate Perry Memorial Hospital; or (iv) the debarment or exclusion of Perry Memorial Hospital from participation in the Medicare or Medicaid programs; or

Could reasonably be expected to result in a change during any rolling twelve (12) month period, in the assets, results of operation or the financial condition of Perry Memorial Hospital, taken as a whole: (i) as to any reduction in the total net assets of such entities in an amount in the aggregate greater than five (5) percent of Perry Memorial Hospital’s aggregate total net assets as reflected on Perry Memorial Hospital’s interim unaudited balance sheet for the initial month of the 12-month period; or (ii) as to any change in the financial condition of such entities, taken as a whole, has resulted in or is reasonably likely to result, on a normalized basis (*i.e.*, after taking into account whether the effects of such change or event are reasonably likely to continue over such period), in a reduction in earnings before deductions for interest, taxes, depreciation and amortization of Perry Memorial Hospital, taken as a whole, over the 12-month period ending in the month in which the change or event occurs, in an amount greater than five (5) percent of such entities’ aggregate total net assets (as reflected on Perry Memorial Hospital’s interim unaudited balance sheets for the initial month of that 12 month period); or

Notwithstanding anything to the contrary, “Material Adverse Change” shall not include: (i) changes in the financial or operating performance due to or caused by the announcement of the transactions contemplated by this Agreement, seasonal changes, or the COVID-9 pandemic; (ii) changes or proposed changes to any Applicable Law, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or health care facilities; (iii) requirements, reimbursement rates, policies or procedures of third party payors or accreditation commissions or organizations that are generally

applicable to hospitals or health care facilities; (iv) general business, industry or economic conditions, including such conditions related to the business of Perry Memorial Hospital that do not disproportionately affect the applicable entities; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, that do not disproportionately affect Perry Memorial Hospital; (vi) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) that do not disproportionately affect Perry Memorial Hospital; or (vii) changes in GAAP.

“Material Adverse Effect” means (a) any event, occurrence, fact, condition, change, or effect that is materially adverse to the Purchased Assets or to the business, operations, condition (financial or otherwise) or prospects of Perry Memorial Hospital, or (b) a material impairment in the ability of Princeton to perform any of its obligations under this Agreement or any Related Agreement or to consummate the Closing.

“Options” is defined in Section 10.4 ~~Error! Reference source not found.~~ of the Agreement.

“OSF” means OSF Healthcare System, an Illinois not-for-profit corporation.

“OSF Employer” means OSF or one of its Affiliates.

“Owned Real Estate” is defined in Section 2.1.1 of the Agreement.

“Nondisclosure Agreement” means Confidentiality and Nondisclosure Agreement by and between the Parties dated November 16, 2018, as amended.

“PMH Foundation” means PMH Foundation, an Illinois not for profit corporation.

“Perry Memorial Hospital” or **“PMH”** means The Julia Rackley Perry Memorial Hospital, an Illinois critical care hospital.

“Perry Memorial Hospital’s Audited Financial Statements” is defined in Section 3.6.1 of the Agreement.

“Perry Memorial Hospital's Financial Statements” means Perry Memorial Hospital’s Audited Financial Statements, Perry Memorial Hospital's Unaudited Financial Statements, and Perry Memorial Hospital's Interim Financial Statements, collectively.

“Perry Memorial Hospital’s Interim Financial Statements” is defined in Section 3.6.1 of the Agreement.

“Perry Memorial Hospital’s Unaudited Financial Statements” is defined in Section 3.6.1 of the Agreement.

“Planning Board” means the Illinois Health Facilities and Services Review Board.

“PMH Employee” is defined in Section 8.7 of the Agreement.

“PMH Foundation” means Perry Memorial Hospital Foundation, an Illinois not for profit corporation.

“Princeton” means the City of Princeton, an Illinois municipal corporation.

“Princeton Benefit Plans” means “employee welfare benefit plans,” “employee pension benefit plans” and all other employee benefit plan agreements and arrangements and employee benefit policies, whether funded or unfunded, qualified or nonqualified, maintained or contributed to (or required to be contributed to) by Princeton for the benefit of any of its officers, employees or other persons providing services at Perry Memorial Hospital.

“PPP Lender” means Central Bank Illinois

“PPP Loan” means the loan obtained by Seller from PPP Lender in the amount of \$4,424,500 through the Paycheck Protection Program, guaranteed by the U.S. Small Business Administration, for which the proceeds thereof shall be used solely for the allowable uses set forth in Section 7(a)(36)(F) of the Small Business Act (15 U.S.C. 636(a)), as amended by the Coronavirus Aid, Relief and Economic Security Act or “CARES Act.”

“Purchased Assets” is defined in Section 2.1 of the Agreement.

“Real Estate” means the Owned Real Estate together with the Leased Real Estate.

“Real Estate Purchase Agreement” is defined Section 2.1.1 of the Agreement.

“Regulatory Approvals” means all regulatory consents and approvals required for the consummation of the Transaction, including without limitation, approval of the Certificate(s) of Exemption from the Planning Board and the issuance by the Illinois Department of Public Health to OSF of a license to operate the Hospital as of the Effective Time.

“Related Agreements” means the Real Estate Agreement and Assignment and Assumption Agreement.

“Release” means any spill, discharge, leak, emission, escape, injection, dumping, or other release of any Hazardous Substances into the environment, whether or not notification or reporting to any governmental agency was or is, required, including without limitation any Release which is subject to CERCLA.

“Restricted Foundation Funds” is defined in Section 2.2 of the Agreement.

“Supplies” is defined in Section 2.1.2.2 of the Agreement.

“Telephone and Fax Numbers” is defined in Section 2.1.2.6 of the Agreement.

“Third Order” means The Sisters of the Third Order of St. Francis, an Illinois not for profit corporation.

“Third Party Claim” is defined in Section 10.2.4 of the Agreement.

“Transaction” is defined in Recital C of the Agreement.

“Transfer of Medical Records Agreement” is defined in Section 7.2 of the Agreement.

“Unemployment Insurance Amount” is defined in Section 2.9.1.14 of the Agreement.

“Unvested Employee” is defined in Section 12.17.1 of the Agreement.

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

EXHIBIT 2.1.1
REAL ESTATE PURCHASE AGREEMENT

EXHIBIT 2.1.2.1
FURNITURE, FIXTURES AND EQUIPMENT

EXHIBIT 2.1.2.3

CONTRACTS

[This Exhibit will include the Medicare and Medicaid Provider Agreements, provider agreements with commercial payors and Long term lease obligation to Cerner Corporation for electronic medical record system, capital lease obligations associated with hospital and clinic operations (e.g. Stryker Corporation for Endoscopy Scopes), lease for facility located at _____ Walnut, Illinois, and lease for Prompt Care facility located at 2128 North Main Street, Princeton.]

EXHIBIT 2.1.2.4
LICENSES AND PERMITS

EXHIBIT 2.1.2.6
TELEPHONE AND FAX NUMBERS

EXHIBIT 2.1.2.7
INTELLECTUAL PROPERTY

EXHIBIT 2.1.2.10
CLINICAL TRIALS

EXHIBIT 2.2

RESTRICTED FOUNDATION FUNDS

EXHIBIT 2.9.1.8
ASSIGNMENT OF ACCOUNTS RECEIVABLE

EXHIBIT 2.9.1.9

BILLS OF SALE

EXHIBIT 2.9.1.10

ASSIGNMENT AND ASSUMPTION AGREEMENT

EXHIBIT 2.9.1.11

LIST OF CONTRACTS REQUIRING NOTICE AND/OR CONSENT

EXHIBIT 2.9.1.9
PPP LOAN ESCROW AGREEMENT

EXHIBIT 3.11.3
LEASED REAL ESTATE

EXHIBIT 3.12.3
ENVIRONMENTAL PERMITS

EXHIBIT 3.12.5

REAL ESTATE - HAZARDOUS SUBSTANCES

EXHIBIT 3.15
INSURANCE COVERAGES

EXHIBIT 3.20.1
COMPLIANCE WITH LAWS

EXHIBIT 12.17

IMRF FORFEITURE

PMH Employees Who Are Not Vested:

[List names]

Vesting Schedule:

IMRF Tier	IMRF Years of Service at PMH	Percent of Annual Salary
1	7-7.99	15%
1	5-6.99	11%
1	3-4.99	7%
1	1-2.99	3%
1	0-1	0%
2	7-9.99	15%
2	5-6.99	11%
2	3-4.99	7%
2	1-2.99	3%
2	0-1	0%

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT ("**Agreement**") is made and entered into this ____ day of _____, 2021 ("**Execution Date**"), by and between OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation, or its nominee ("**Buyer**") and THE CITY OF PRINCETON, a municipal corporation ("**Seller**").

RECITALS:

A. Seller is the owner of certain real estate set forth on Exhibit A (collectively, the "**Real Estate**").

B. Buyer desires to purchase and Seller desires to sell the Real Estate on the terms hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and in reliance upon the recitals set forth above, which are incorporated herein by reference, it is hereby agreed between the parties hereto as follows:

1. Real Estate. Seller shall sell and convey to Buyer, and Buyer shall purchase from Seller the following described property upon and subject to the terms and conditions set forth in this Agreement, and subject to the terms of the Affiliation Agreement among Buyer, Seller and others dated of even date herewith ("**Affiliation Agreement**"):

- A. Fee simple title to the Real Estate, together with all rights, privileges, easements, licenses, hereditaments and other appurtenances relating thereto which are held by Seller as of the date of Closing;
- B. All of Seller's right, title and interest, if any, in and to (i) any award made or to be made to the owner of the Real Estate by reason of change of grade or the closing of any street, road or highway, and (iii) all strips and gores of land within the boundaries of the Real Estate;
- C. All of Seller's right, title and interest in and to all buildings, structures, improvements and fixtures located on the Real Estate (including, without limitation, heating, air conditioning, electrical and plumbing equipment located thereon) (collectively the "**Improvements**"); and
- D. As used in this Agreement, the word "**Premises**" shall mean all of the Real Estate and Improvements described in subparagraphs 1(A) through (C).

2. Purchase Price. The purchase price for the Premises shall be the sum of One Dollar (\$1.00) ("**Purchase Price**"), which Purchase Price shall be paid at Closing in accordance with the provisions of the Affiliation Agreement.

3. Closing; Possession. Closing shall take place contemporaneously with, and is contingent upon, the closing of the Affiliation Agreement (the "**Closing**"). In the event the

Affiliation Agreement is terminated for any reason prior to Closing, this Agreement shall terminate immediately. In the event this Agreement is terminated for any reason prior to Closing, the Affiliation Agreement shall terminate immediately. Possession of the Premises shall be given to Buyer as follows:

- 3.1. Closing shall take place at the offices of Chicago Title Insurance Company located at 6901 Knoxville Avenue, Suite 102, Peoria, IL 61614 ph: 309-692-2854 (“**Title Agent**”).
- 3.2. Documents delivered at Closing.
 - A. Seller: At Closing, or prior to Closing in escrow with the Title Agent, Seller shall deliver or cause to be delivered to Buyer the following documents, each in form and substance reasonably satisfactory to Buyer and Seller:
 - (i) Recordable municipal quit claim deed(s), executed by Seller (the “**Deed**”) conveying the Real Estate to Buyer, subject only to the “**Permitted Encumbrances**” (defined below).
 - (ii) An assignment of warranties, if any and to the extent assignable, executed by Seller, assigning to Buyer all of Buyer’s right, title and interest in and to any existing warranties with respect to any Improvements;
 - (iii) If any and to the extent assignable, an assignment executed by Seller assigning to Buyer all of Seller’s right, title and interest in and to any permits issued by any governmental authority with respect to the Premises, including but not limited to special use permits, and recently issues building permits and occupancy permits, if any;
 - (iv) Affidavit of Seller certifying that Seller is not a “foreign” person for purposes of Section 1445 of the Internal Revenue Code of 1986, as amended;
 - (v) An affidavit of title from Seller to Buyer, in substantially the form as set forth in Exhibit B.
 - (vi) All plans and specifications relating to the Premises, including all architectural, structural and mechanical drawings and plans, in Seller’s possession and control;
 - (vii) A GAP affidavit and a COVID-19 affidavit that may be required by the Title Company, in form satisfactory to the Title Company and Seller;

- (viii) The Title Policy.
 - (ix) Such other documents and certificates as Buyer or the Title Agent may reasonably request in order to consummate the transactions described herein, provided, however, that Seller shall not be required to cure any particular title encumbrance.
- B. Buyer: At Closing, or prior to Closing in escrow with the Title Agent, Buyer shall deliver or cause to be delivered to Seller the following:
 - (i) The Purchase Price as set forth in paragraph 2, above;
 - (ii) Such other documents and certificates as Seller or the Title Company may reasonably request in order to consummate the transactions described herein.
- C. Joint Documents: At Closing, Seller and Buyer shall jointly execute and deliver the following:
 - (i) A closing statement prepared in accordance with this Agreement;
 - (ii) All real estate tax declarations, statements, or certificates required by any applicable laws;
 - (iii) Two memoranda in recordable form memorializing certain real estate purchase options of the parties as set forth in Sections 10.4 and 12.19 of the Affiliation Agreement, in substantially the form attached hereto as Exhibits C and D (collectively, the “**Memoranda of Purchase Option**”); and
 - (iv) An ALTA Loan and Extended Coverage Owners Policy Statement, commonly referred to as the “ALTA Statement,” subject to reasonable revisions mutually acceptable to Seller, Buyer, and Title Agent.

4. Contingencies.

- 4.1. The Buyer’s obligation to close this Agreement is contingent upon the closing of the Affiliation Agreement and the following items:
 - A. Inspection Period. Notwithstanding any provision of this Agreement to the contrary, Buyer, its agents and consultants, shall have from the Execution Date through and continuing for a period ending on the date that is one hundred twenty (120) days following the Execution Date (the “**Inspection Period**”) in which to

undertake, at Buyer's sole cost and expense, any and all inspections, studies, investigations, and other evaluations of and concerning the Premises and its intended use as Buyer, in Buyer's sole and absolute discretion, deems appropriate, including, but not limited to, appraisals, determination by Buyer as to sufficiency of soil, environmental tests, utilities, titles, licenses, permits and easements, and physical inspections of the improvements and mechanical, electrical, hydraulic and HVAC and other systems located thereon; provided, however, that Buyer may not undertake any intrusive investigation or testing without first providing Seller with reasonable notice as to the extent and scope of such testing, the right to reasonably approve same, and the opportunity to be present. For those purposes, Seller hereby grants to Buyer, its consultants, agents or assigns, a license and full right of entry upon the Premises during the Inspection Period until termination of this Agreement; provided, however, that such inspections shall not disturb Seller's business operations. Buyer agrees that it shall carry and maintain, or shall cause all of its contractors, subcontractors and agents engaged in any soil sampling, groundwater testing or other intrusive environmental investigation work, to carry and maintain, insurance coverage under Commercial General Liability, Contractor's Pollution Liability, and Errors and Omissions Liability insurance policies with coverage limits in amounts reasonably satisfactory to the Seller; provided that Buyer shall be permitted to self-insure for any insurance to be carried by Buyer. Prior to conducting any soil sampling, groundwater testing or other invasive environmental investigation work, Buyer shall deliver to Seller a binding certificate or certificates insurance evidencing the insurance required by this paragraph in form and content reasonably satisfactory to Seller. All insurance policies required by this paragraph shall include Seller as an additional insured, with the exception of any insurance for which Buyer elects to self-insure. Buyer agrees that it shall cause any physical damage to the Premises occasioned as a result of any soil borings or any physical tests or examinations to be repaired to the original condition thereof promptly upon completion of any such test or examination and Buyer shall indemnify, defend and hold Seller harmless from and against any claims, costs, expenses, liabilities, obligations, damages or proceedings arising out of, related to or in connection with Buyer's entrance upon the Premises and its investigation thereof. If Buyer is not satisfied with the results of its inspection(s) of any one (1) or more parcels constituting the Real Estate, Buyer shall notify the Seller of the material defects ("**Notice of Material Defects**"), and Seller shall have ten (10) days following delivery of the Notice of Material Defects to agree to resolve the material defects prior to Closing (such agreement

becoming a condition of Closing of Buyer to purchase the applicable parcel). If Seller refuses or is unable to agree to resolve prior to the Closing, Buyer may, at its sole election and within ten (10) days following notice of Seller's inability or refusal to resolve such defects: (a) elect, but only with Seller's mutual agreement which Seller may grant or deny in its sole discretion, to remove such parcel(s) from the list of Real Estate to be purchased by Buyer under this Agreement by delivering written notice thereof to Seller at the later of (i) the expiration of the Inspection Period and (ii) within twenty (20) days of the delivery of the Notice of Material Defects, in which case, provided the parties agree to exclude such parcel(s), the parties shall have no further liabilities or obligations with respect to such parcel(s) under this Agreement except those which expressly survive such termination; (b) terminate this Agreement without any liability on its part in which case the parties shall have no further liabilities or other obligations under this Agreement except those which expressly survive termination; or (c) irrevocably waive its objections and proceed to Closing. In the event Buyer fails to deliver Seller timely written Notice of Material Defects pursuant to its rights hereunder, such right shall expire and be irrevocably waived.

- B. Zoning. Buyer shall be satisfied in its reasonable discretion during the Inspection Period as to the zoning of the Premises and related land use approvals, plat approvals, conditional use permits, rezonings and other approvals necessary from applicable governmental authorities in order for Buyer to satisfactorily conduct Buyer's intended use as a hospital and/or affiliated medical use on the Premises. Buyer shall undertake commercially reasonable efforts to obtain such approvals and/or permits prior to the expiration of the Inspection Period. Seller agrees to cooperate, at no cost or liability to Seller (except as stated in this Agreement), with Buyer in connection with Buyer's efforts to secure any approvals, permits, licenses, agreements, and rezoning required for Buyer's use of the Premises as a hospital and/or affiliated medical use including, without limitation, executing all applications and other documents that are required therefor; provided, however, that Seller cannot promise to deliver any particular outcome with respect thereto. If Buyer is not satisfied in its reasonable discretion with the zoning of one (1) or more parcels constituting the Real Estate after undertaking commercially reasonable efforts to obtain any reasonably necessary approvals and/or permits, Buyer may, at its sole election: (a) terminate this Agreement without any liability on its part in which case the parties shall have no further liabilities or other obligations under this Agreement except those which expressly survive termination; or (b) irrevocably waive its objections and proceed to Closing. In the event Buyer fails to

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deliver Seller timely written notice of its election to terminate this Agreement, such right shall expire and be irrevocably waived.

- C. Environmental Audit. Buyer may obtain, at Buyer's expense, a current Phase I Environmental Audit satisfactory to Buyer in Buyer's sole discretion, from a reputable engineering firm during the Inspection Period.
 - D. Termination. Buyer shall give notice of its desire to terminate this Agreement for failure to fulfill any of the above contingencies on or before the expiration of the Inspection Period. If this Agreement shall be so terminated, or if the Agreement shall terminate by nature of a termination of the Affiliation Agreement, neither party shall have any further rights or obligations hereunder except those which expressly survive termination. In the event no notice of termination is given prior to the expiration of the Inspection Period, such condition shall be deemed to be waived by Buyer and Buyer shall proceed to Closing in accordance with the other terms and conditions hereof.
- 4.2. Conditions Precedent to Closing – Seller. Performance of Seller's obligations at Closing are subject to the following conditions precedent:
- A. Execution and delivery of the Affiliation Agreement;
 - B. Execution and delivery of the Memoranda of Purchase Option;
 - C. Covenants. As of Closing, all of the covenants in this Agreement and the Affiliation Agreement to be performed by Buyer at or prior to Closing shall have been duly performed in all material respects;
 - D. Representations and Warranties. As of Closing, all of Buyer's representations and warranties whether set forth herein or in the Affiliation Agreement, shall be true and correct in all material respects;
 - E. Title Policy. Title Agent's agreement to issue the Title Policy as contemplated herein and any endorsements as may be requested by Buyer, including extended coverage.

If any of the above conditions is not satisfied by the date specified therefor, Seller shall have the right to either waive such condition or terminate this Agreement by notice delivered to Buyer. No such termination of this Agreement shall be deemed to limit Seller's rights and remedies if Buyer is in default hereunder

- 4.3. Conditions Precedent to Closing - Buyer. Performance of Buyer's obligations at Closing are subject to the following conditions precedent:

- A. Contingencies. The contingencies set forth in Section 4.1 shall have been satisfied or waived;
- B. Covenants. As of Closing, all of the covenants in this Agreement to be performed by Seller at or prior to Closing shall have been duly performed in all material respects; and
- C. Representations and Warranties. As of Closing, all of Seller's representations and warranties regarding the Premises, whether set forth herein or in the Affiliation Agreement, shall be true and correct in all material respects.
- D. Title Policy. Title Agent's agreement to issue the Title Policy as contemplated herein and any endorsements as may be requested by Buyer, including extended coverage.

If any of the above conditions is not satisfied by the date specified therefor, Buyer shall have the right to either waive such condition or terminate this Agreement by notice delivered to Seller. No such termination of this Agreement shall be deemed to limit Buyer's rights and remedies if Seller is in default hereunder.

5. Survey. Buyer, at its sole cost and expense, may obtain a current ALTA certified survey map ("**Survey**") of the Premises from an Illinois licensed surveyor, the cost of which shall be borne by Buyer and may contain any Table A items as may be requested by Buyer in Buyer's sole discretion.

Said Survey shall be delivered to the Buyer, the Seller, and to the Title Agent who shall agree to remove its exceptions contained in the Title Policy with regard to items that an accurate survey might show and certified to Buyer, Buyer's lender, and Title Agent.

6. Title Insurance. Upon acceptance of this Agreement, Buyer at its sole cost and expense, shall obtain and immediately furnish to Seller a title commitment with copies of all title documents referenced therein, (the "**Title Commitment**") for an ALTA Form B Owner's Title Insurance Policy with an endorsement for extended coverage ("**Title Policy**") issued by the Title Agent covering the Premises in the minimum amount of coverage, and showing merchantable record title to the Premises to be in Seller subject only to the following "**Permitted Encumbrances**":

- (a) Local, state and federal building and zoning laws and ordinances;
- (b) Rights of the public, state of Illinois, and the municipality in and to any part of the Premises taken, used or dedicated for roads, streets, alleys or highways;
- (c) Real estate taxes and assessments not yet due and

payable;

- (d) Acts of Buyer and those claiming by, through or under Buyer; and
- (e) Any recorded covenants, conditions, restrictions, reservations, rights-of-way, or easements, and all other matters of record identified in the Title Commitment or Survey, and other matters or conditions shown on the Survey, and not timely objected to or otherwise waived by Buyer, as provided pursuant to Paragraph 7 below.

7. Exceptions. Buyer shall have ten (10) business days after receipt of the Title Commitment and Survey, to deliver to Seller written objections to marketability of title or conditions of title or survey that would materially and adversely affect Buyer's proposed use of the Premises, and Seller shall have the greater of (i) the number of days remaining until the date of Closing or (ii) twenty (20) business days to have such objections removed or satisfied. If Seller shall fail to have such objections removed within said time period, Buyer may, at its sole election: (a) terminate this Agreement without any liability on its part; or (b) waive its objections and take title to the Real Estate subject to such objections.

8. Prorations, Adjustments and Closing Costs.

- 8.1. Transfer Tax. Buyer shall pay the amount of stamps or transfer taxes imposed by state or county law, if any, and Buyer shall pay any municipal transfer tax. Both parties agree to execute and deliver such transfer tax forms or declarations as may be necessary.
- 8.2. Closing Costs. In addition to other charges and fees set forth in this Agreement, Buyer shall pay the cost of the Title Company's closing and escrow fees, recording of the Deed, for any non-curative title endorsements requested by Buyer, and one-half of the recording fees for the Memoranda of Purchase Option; Seller shall pay for the discharge of non-permitted monetary liens and judgments, if any, and one-half of the recording fees for the Memoranda of Purchase Option; and each party shall be responsible for its own attorney's fees.

9. Representations, Warranties and Covenants of Seller. The parties acknowledge that Seller's representations and warranties regarding the Premises are found in the Affiliation Agreement.

10. Representations, Warranties and Covenants of Buyer. The parties acknowledge that Buyer's representations and warranties, including without limitation those regarding the operation of the Premises, are found in the Affiliation Agreement. Such representations and warranties of Buyer are a material consideration for Seller entering into this Agreement and shall survive closing.

11. Condemnation; Inspection.

11.1. Condemnation or Eminent Domain. In the event, prior to Closing, a condemnation or eminent domain suit is filed against the Premises, or any substantial portion thereof, Buyer shall have the option, within thirty (30) days after receipt of notice of same to: (i) terminate this Agreement, in which case this Agreement shall be null and void and all obligations hereunder shall terminate except those which expressly survive termination; or (ii) elect to close this transaction and, in such event, all proceeds from the eminent domain suit shall belong to Buyer.

11.2. Inspection. Buyer shall have the right to inspect the Premises within 48 hours prior to Closing to determine if the Premises are in the same condition as of the date of acceptance of this Agreement, ordinary wear and tear excepted.

12. Casualty Loss. If prior to Closing, Seller knows that the Premises, or any material portion thereof, is subject to casualty loss, the Seller shall give to Buyer prompt written notice thereof. Buyer shall have the right, upon written notice to Seller delivered within fifteen (15) business days after Buyer receives such notice, to terminate this Agreement, in which case neither party hereto shall have any further rights, obligations or liability hereto. In the absence of such notice within such period, Buyer shall take title to the Premises and Seller shall, at closing, assign to Buyer whatever rights Seller may have to receive and collect the proceeds of any insurance maintained by Seller against such loss.

13. Entrance on Premises. Upon acceptance of this Agreement, Buyer and its agent(s) shall have the right to enter upon the Premises, at its sole risk and cost, for the purpose of inspecting, surveying, testing and otherwise examining the subject Premises; provided that Buyer provide Seller with not less than twenty four hours' notice and there shall be no disruption to Seller's business operations. Buyer shall indemnify and save Seller harmless from and against any and all loss, cost or expenses (including without limitation reasonable attorney's fees) from any claim for death, bodily injury or damage arising from its entry upon the Premises.

14. Default. Should either Party fail to perform this Agreement promptly on its part at the time and in the manner herein specified, the other Party shall have those remedies provided in Sections 11.3 and 10.4 of the Affiliation Agreement.

15. Miscellaneous.

15.1. Notice. Any and all notices shall be deemed adequately given only if in writing and personally delivered, sent by electronic facsimile, sent first class registered or certified mail, postage prepaid, or sent via nationally recognized overnight courier to the party for whom such notices are intended. A notice shall be deemed to have been given to the recipient party on the earlier of (a) the date it shall be delivered to the address required by this Agreement; (b) with respect to notices sent by mail, three (3) business days after the date as of which the notice is deposited with the

postal service, properly addressed, postage prepaid; (c) with respect to notices sent by electronic facsimile, the date delivered by facsimile if sent before 5:00pm on a business day, or on the next business day if sent otherwise; provided, however, that in each event a copy of the notice so sent also be sent by mail or nationally recognized overnight courier or (d) one (1) business day after deposit with a nationally recognized overnight courier. Any and all such notices referred by this Agreement, or which either party desires to give to the other shall be addressed as follows:

If to Buyer to:

OSF Healthcare System
Attention: Director of Real Estate
800 N.E. Glen Oak Avenue
Peoria, IL 61603
T: (309) 677-0754
F: (309) 677-0766

With a copy to:

OSF HealthCare System
Attn: Senior Vice President, Legal Services
OSF Healthcare System
800 N.E. Glen Oak Avenue
Peoria, IL 61603-3200
T: (309) 655-5741
F: (309) 655-6869
e-mail: robert.brandfass@osfhealthcare.org

If to Seller to:

The City of Princeton
Attn: City Clerk
2 South Main Street
Princeton, IL 61356
T: (815) 875-2631 Ext 1007
F: (815) 875-2904
e-mail: pnelson@princeton-il.com

With a copy to:

Miller, Hall & Triggs, LLC
Attn: Richard M. Joseph, Esq
416 Mail Street
Peoria, IL 61602
T: (309) 671-9600
F: (309) 671-9616
e-mail: richard.joseph@mhtlaw.com

The above addresses may be changed by notice of such change, as provided herein, to the last address designated.

- 15.2. Time of the Essence. Time is of the essence as to all obligations and deadlines set forth in this Agreement.
- 15.3. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State in which the Premises are located.
- 15.4. Attorneys' Fees. In the event of any litigation between the parties hereto with respect to this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable costs and expenses incurred by the prevailing party in connection with such litigation, including reasonable attorneys' fees.
- 15.5. Entire Agreement. This Agreement and the Affiliation Agreement (and any ancillary agreements among the parties referenced therein) embody the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof. This Agreement shall not be altered, modified or changed unless in writing and executed by all parties hereto. This Agreement shall be binding upon the parties, their heirs, executors, administrators, personal representatives, successors and assigns.
- 15.6. Business Days. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls upon a Saturday, Sunday or legal holiday of the United States Government or the State of Illinois, such time for performance shall be extended to the next business day.
- 15.7. Waiver. No consent or waiver by a party hereto (either expressed or implied) to or of a breach of any representation, warranty or covenant contained herein shall be construed as a consent or waiver to or of any other or subsequent breach of the same or any other representation, warranty or covenant.
- 15.8. Headings. The article headings are inserted only for convenience and in no way define, limit or describe the scope or intent of any article in this Agreement.

- 15.9. Commission. Buyer and Seller each represent and warrant to the other that, upon closing of this Agreement, no person or entity is entitled to any brokerage commission or finder's fee in connection with this transaction based upon dealings with the party making such representation and warranty. This warranty shall survive closing or the cancellation or termination of this Agreement for any reason. Buyer shall indemnify Seller against any claim, loss, suit or action (including reasonable attorney fees and costs) incurred or suffered by Seller by reason of any claim by any other broker or finder for commissions or fees due, or claimed to be due, based upon such brokerage or finders dealings or purported dealings with the Buyer.
- 15.10. Premises Sold "AS IS". Except as is otherwise expressly provided in this Agreement or the Affiliation Agreement, the parties hereby specifically disclaim any warranty (oral or written, expressed or implied) concerning: (i) the nature and conditions of the Premises and the suitability thereof for any and all activities and uses that Buyer elects to conduct thereon; (ii) the manner, construction, condition and state of repair or lack of repair of the Improvements on the Premises; (iii) the compliance of the Premises or its operation with any laws, rules, ordinances, or regulations of any governmental body having jurisdiction over the Premises or any part or portion thereof, and (iv) any other matter whatsoever except as expressly set forth in this Agreement. EXCEPT AS IS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT OR THE AFFILIATION AGREEMENT, THE SALE OF THE PREMISES AS PROVIDED FOR HEREIN IS MADE ON A STRICTLY "AS IS", "WHERE IS", "WITH ALL FAULTS" BASIS AS OF THE CLOSING.

[Remainder of page intentionally left blank; signatures on following page]

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement as of the Execution Date.

BUYER:

OSF HEALTHCARE SYSTEM

By: Robert C. Sehring
Its: Chief Executive Officer

SELLER:

THE CITY OF PRINCETON

By: Joel Quiram
Its: Mayor

[Signature Page to Real Estate Purchase Agreement]

EXHIBIT A

REAL ESTATE

[To be updated following receipt of Title Commitment. The Real Estate shall include all real property owned by the City of Princeton and its affiliates used in the operation of Perry Memorial Hospital and the PMH Ambulatory Sites including, without limitation, the hospital facilities located in Princeton, Illinois.]

<u>Use</u>	<u>Street Address</u>	<u>PIN</u>
Perry Memorial Henry Clinic	327 Edward St. Henry, IL 61537	03-16-411-029
Perry Memorial Hospital Also includes Wound Care Clinic, General Surgery, Orthopedic Clinic, and Podiatry Care	530 Park Avenue East Princeton, IL 61356	16-16-452-016
	Lot directly north of Hospital; includes the medical office building attached to Hospital and parking lots serving Hospital	16-16-452-015
	Parking lot at southwest corner of Prouty Drive and S. 5 th St. (south of and serves Hospital)	16-16-452-004
	Parking lot at southeast corner of Park Avenue East and S. 5 th St. (east of and serves Hospital; excludes grass lot to east of parking lot)	16-16-476-030
Perry Memorial Family Health Clinic	535 Park Avenue East Princeton, IL 61356	16-16-408-012 16-16-408-013 16-16-408-014 16-16-408-015
	Parking lot on north side of Park Avenue East to the east of and serving Perry Memorial Family Health Clinic	16-16-408-016

FURTHER AFFIANT SAYETH NOT.

THE CITY OF PRINCETON

By:

Its:

Subscribed and Sworn before
me on this ____ day of _____, 202

NOTARY PUBLIC

[Signature Page to Affidavit of Title]

EXHIBIT C

MEMORANDUM OF PURCHASE OPTION

(City's Right to Repurchase Certain OSF Property)

[See attached.]

This Instrument prepared by and,
after recording, return to:

Joel D. Swider
Hall, Render, Killian, Heath & Lyman, P.C.
500 North Meridian Street, Suite 400
Indianapolis, IN 46204

MEMORANDUM OF REAL ESTATE PURCHASE OPTION

(City's Right to Repurchase Certain OSF Property)

This MEMORANDUM OF REAL ESTATE PURCHASE OPTION ("Memorandum") is entered into this ____ day of _____, 202__ ("Effective Date") by and between the CITY OF PRINCETON, an Illinois municipal corporation ("City"), and OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation ("OSF").

RECITALS

WHEREAS, City and OSF are parties to that certain Affiliation Agreement dated _____, 202__ ("Affiliation Agreement"), which relates in part to certain real estate owned, as of the Effective Date hereof, by OSF and located in Princeton, Illinois, which real estate is more particularly described on Exhibit 1 attached hereto ("Property"); and

RECORDER'S STAMP

WHEREAS, City and OSF desire to enter into and record this Memorandum so that third parties may have notice of the Affiliation Agreement and City's rights and interests in the Property, specifically certain purchase rights granted to City thereunder (as more particularly described in Section 10.4 of the Affiliation Agreement).

NOW, THEREFORE, in consideration of the promises and covenants provided for in the Affiliation Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and OSF agree as follows:

1. Grant of Option. Pursuant to the terms of the Affiliation Agreement, City has the right to purchase the Property upon the occurrence of certain conditions precedent that are more particularly described in the Affiliation Agreement. The right to purchase shall expire on the fifteenth anniversary of the date of this Memorandum if not exercised prior to such date.

2. Conflicts. All terms, conditions, provisions, and covenants of the Affiliation Agreement are incorporated in this Memorandum by reference as though fully set forth herein. This Memorandum is for purposes of recordation in the appropriate real estate records of Bureau County, Illinois, to provide notice to third parties of the purchase rights described herein, and nothing contained herein shall be deemed or construed to amend, modify, change, alter, amplify, interpret, or supersede any of the terms of the Affiliation Agreement or the rights granted to City therein. In the event of a conflict between the

terms of the Affiliation Agreement and the terms of this Memorandum, the terms of the Affiliation Agreement shall control.

3. Counterparts. This Memorandum may be executed in any number of counterparts and by each of the undersigned on separate counterparts, which counterparts taken together shall constitute one and the same instrument. Facsimile signatures or electronically scanned and delivered signatures shall be considered original signatures for the purpose of execution and enforcement of the rights delineated in this Memorandum.

(signatures on the following pages)

OSF HEALTHCARE SYSTEM

STATE OF ILLINOIS)
) SS:
COUNTY OF _____)

Printed

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EXHIBIT 1

DESCRIPTION OF PROPERTY

(City's Right to Repurchase Certain OSF Property)

Parcel 1:

[Legal description to be added once title work received]

Having approximate street address: 530 Park Avenue East, Princeton, IL 61356

Having PIN: 16-16-452-016

Parcel 2:

[Legal description to be added once title work received]

(Lot directly north of Hospital; includes the medical office building attached to Hospital and parking lots serving Hospital)

Having PIN: 16-16-452-015

[Legal descriptions continue on next page]

Parcel 3:

A tract of land 50 feet in width North and South off of the South end of a tract described as two and one-quarter acres off of the East side of Lot 91 in the Original Town (now City) of Princeton, excepting a strip of land 18 inches wide off of the West side of said tract.

(Parking lot at southwest corner of Prouty Drive and S. 5th St. (south of and serves Hospital))

Having PIN: 16-16-452-004

Parcel 4:

The west half of

A part of Lot 94 in the Original Town (now City) of Princeton, described as follows:
Commencing at the Northwest corner of said Lot 94, thence North 89 degrees 51 minutes 14 seconds East 170.76 feet along the North line of said Lot 94 to the Point of Beginning, thence continue North 89 degrees 51 minutes 14 seconds East 150.64 feet to a point, thence South 0 degrees 47 minutes 59 seconds East 140.0 feet along a line parallel with the West line of said Lot 94 to a point, thence North 89 degrees 51 minutes 14 seconds East 3.61 feet along a line parallel with the North line of said Lot 94 to the Northwest corner of Book 867, Page 990 as recorded at the Bureau County Recorder's Office, thence South 0 degrees 47 minutes 59 seconds East 60.0 feet along the West line of said Book 867, Page 990 and parallel with the West line of said Lot 94 to a point, thence South 89 degrees 51 minutes 14 seconds West 154.67 feet along a line parallel with the North line of said Lot 94 to a point, thence North 0 degrees 40 minutes 46 seconds East 200.0 feet to the Point of Beginning, containing 0.698 acre more or less, all situated in the City of Princeton, Bureau County, Illinois.

[Exact legal description to be confirmed via title search] (Includes parking lot at southeast corner of Park Avenue East and S. 5th St. (east of and serves Hospital; excludes grassy area to east of parking lot)

Having PIN: 16-16-476-030

EXHIBIT D

**MEMORANDUM OF PURCHASE OPTION
(OSF's Right to Purchase Certain City Property)**

[See attached.]

This Instrument prepared by and,
after recording, return to:

Joel D. Swider
Hall, Render, Killian, Heath & Lyman, P.C.
500 North Meridian Street, Suite 400
Indianapolis, IN 46204

MEMORANDUM OF REAL ESTATE PURCHASE OPTION

(OSF's Right to Purchase Certain City Property)

This MEMORANDUM OF REAL ESTATE PURCHASE OPTION ("**Memorandum**") is entered into this ____ day of _____, 202__ ("**Effective Date**") by and between the CITY OF PRINCETON, an Illinois municipal corporation ("**City**"), and OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation ("**OSF**").

RECITALS

WHEREAS, City and OSF are parties to that certain Affiliation Agreement dated _____, 202__ ("**Affiliation Agreement**"), which relates in part to certain real estate owned, as of the Effective Date hereof, by City and located in Princeton, Illinois, which real estate is more particularly described on Exhibit 1 attached hereto ("**Property**"); and

RECORDER'S STAMP

WHEREAS, City and OSF desire to enter into and record this Memorandum so that third parties may have notice of the Affiliation Agreement and OSF's rights and interests in the Property, specifically certain purchase rights granted to OSF thereunder (as more particularly described in Section 12.19 of the Affiliation Agreement).

NOW, THEREFORE, in consideration of the promises and covenants provided for in the Affiliation Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and OSF agree as follows:

1. Grant of Option. Pursuant to the terms of the Affiliation Agreement, OSF has the right to purchase the Property upon the occurrence of certain conditions precedent that are more particularly described in the Affiliation Agreement. The right to purchase shall expire on the fifth anniversary of the date of this Memorandum if not exercised prior to such date.

2. Conflicts. All terms, conditions, provisions, and covenants of the Affiliation Agreement are incorporated in this Memorandum by reference as though fully set forth herein. This Memorandum is for purposes of recordation in the appropriate real estate records of Bureau County, Illinois, to provide notice to third parties of the purchase rights described herein, and nothing contained herein shall be deemed or construed to amend, modify, change, alter, amplify, interpret, or supersede any of the terms of the Affiliation Agreement or the rights granted to OSF therein. In the event of a conflict between the

terms of the Affiliation Agreement and the terms of this Memorandum, the terms of the Affiliation Agreement shall control.

3. Counterparts. This Memorandum may be executed in any number of counterparts and by each of the undersigned on separate counterparts, which counterparts taken together shall constitute one and the same instrument. Facsimile signatures or electronically scanned and delivered signatures shall be considered original signatures for the purpose of execution and enforcement of the rights delineated in this Memorandum.

(signatures on the following pages)

OSF HEALTHCARE SYSTEM

STATE OF ILLINOIS)
) SS:
COUNTY OF _____)

Printed

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EXHIBIT 1

DESCRIPTION OF PROPERTY

(OSF's Right to Purchase Certain City Property)

Parcel 1:

Lot 1 in Block 5 in Billing's Addition to the Town (now City) of Princeton; also commencing at the Northwest corner of said Lot 1 in Block 5 in Billing's Addition to the City of Princeton, and running thence West 96.5 feet, thence South 66.8 feet, thence East 96.5 feet, thence North 66.8 feet to the place of beginning, all lying and being situated in the County of Bureau and State of Illinois.

Having approximate street address: 902 S. Fifth St., Princeton, IL 61356

Having PIN: 16-16-454-007

Parcel 2:

[Legal description to be added once title work received]

(Includes grassy lot east of parking lot at southeast corner of Park Avenue East and S. 5th St.; excludes parking lot to west of grassy lot)

Having PIN: 16-16-476-031

Princeton Firefighters' Pension Fund

Monthly Financial Report

For the Month Ended

November 30, 2020

Prepared By



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Princeton Firefighters' Pension Fund

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Accountants' Compilation Report



December 15, 2020

Princeton Firefighters' Pension Fund
2 South Main Street
Princeton, IL 61356

To Members of the Pension Board:

Management is responsible for the accompanying interim financial statements of the Princeton Firefighters' Pension Fund which comprise the statement of net position - modified cash basis as of November 30, 2020 and the related statement of changes in net position - modified cash basis for the seven months then ended in accordance with the modified cash basis of accounting and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the interim financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these interim financial statements.

The interim financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in interim financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the interim financial statements and other supplementary information, they might influence the user's conclusions about the Pension Fund's assets, liabilities, net position, additions and deductions. Accordingly, the interim financial statements and other supplementary information are not designed for those who are not informed about such matters.

Other Matter

The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The other supplementary information was subject to our compilation engagement. We have not audited or reviewed the other supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the other supplementary information.

Cordially,

Lauterbach & Amen, LLP

Lauterbach & Amen, LLP



Financial Statements

Princeton Firefighters' Pension Fund
Statement of Net Position - Modified Cash Basis
As of November 30, 2020

Assets

Cash and Cash Equivalents	\$ 28,308.02
Investments at Fair Market Value	
Money Market Mutual Funds	203,295.42
Fixed Income	4,484,895.64
Mutual Funds	4,071,518.00
Total Cash and Investments	<u>8,788,017.08</u>
Taxes Receivable	569,677.00
Accrued Interest	28,406.14
Due from Municipality	32,164.91
Allowance for Uncollectibles	(569,677.00)
Prepays	<u>2,988.73</u>
Total Assets	<u>8,851,576.86</u>

Liabilities

Expenses Due/Unpaid	<u>265.00</u>
Total Liabilities	<u>265.00</u>

Net Position Held in Trust for Pension Benefits	<u><u>8,851,311.86</u></u>
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Princeton Firefighters' Pension Fund
Statement of Changes in Net Position - Modified Cash Basis
For the Seven Months Ended November 30, 2020

Additions

Contributions - Municipal	\$ 567,281.89
Contributions - Members	62,378.30
Total Contributions	<u>629,660.19</u>
Investment Income	
Interest and Dividends Earned	79,118.31
Net Change in Fair Value	891,606.30
Total Investment Income	970,724.61
Less Investment Expense	(9,800.23)
Net Investment Income	<u>960,924.38</u>
Total Additions	<u>1,590,584.57</u>

Deductions

Administration	12,203.63
Pension Benefits and Refunds	
Pension Benefits	323,204.35
Refunds	0.00
Total Deductions	<u>335,407.98</u>

Change in Position	1,255,176.59
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Net Position Held in Trust for Pension Benefits

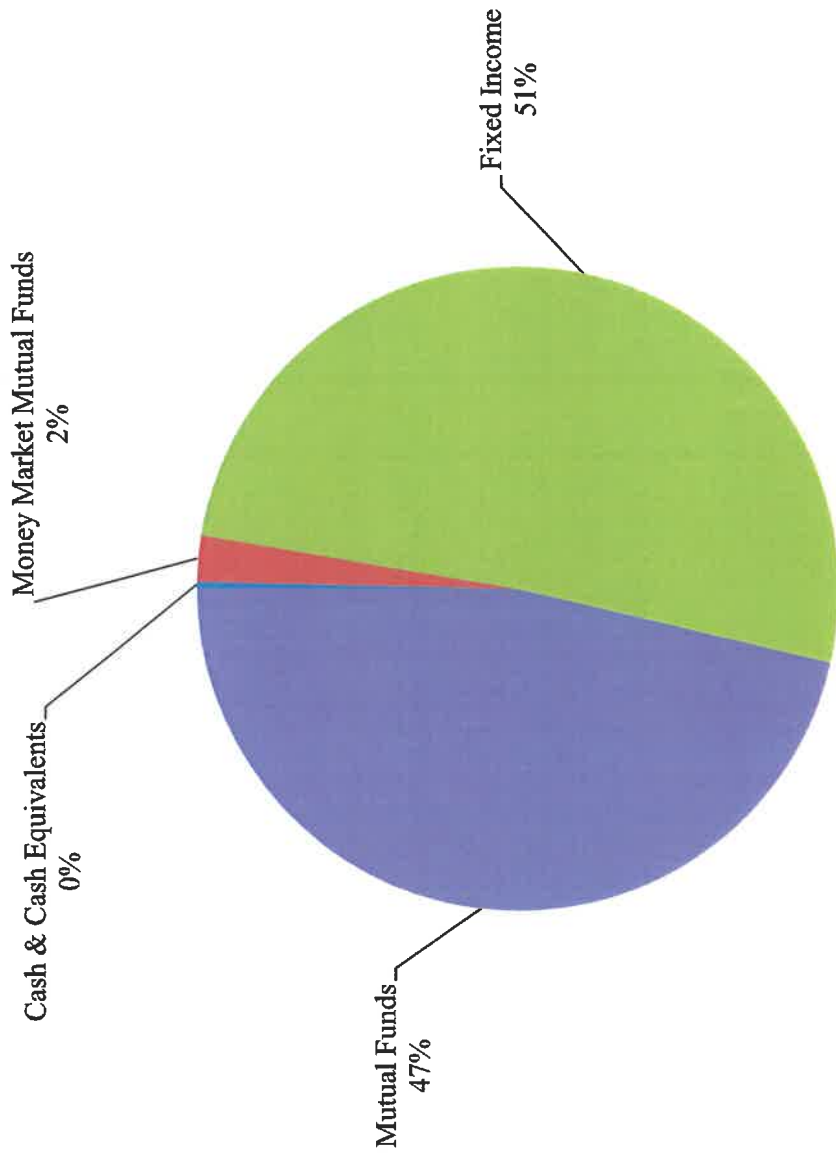
Beginning of Year	<u>7,596,135.27</u>
End of Period	<u>8,851,311.86</u>



Other Supplementary Information

Princeton Firefighters' Pension Fund

Cash and Investments



Princeton Firefighters' Pension Fund

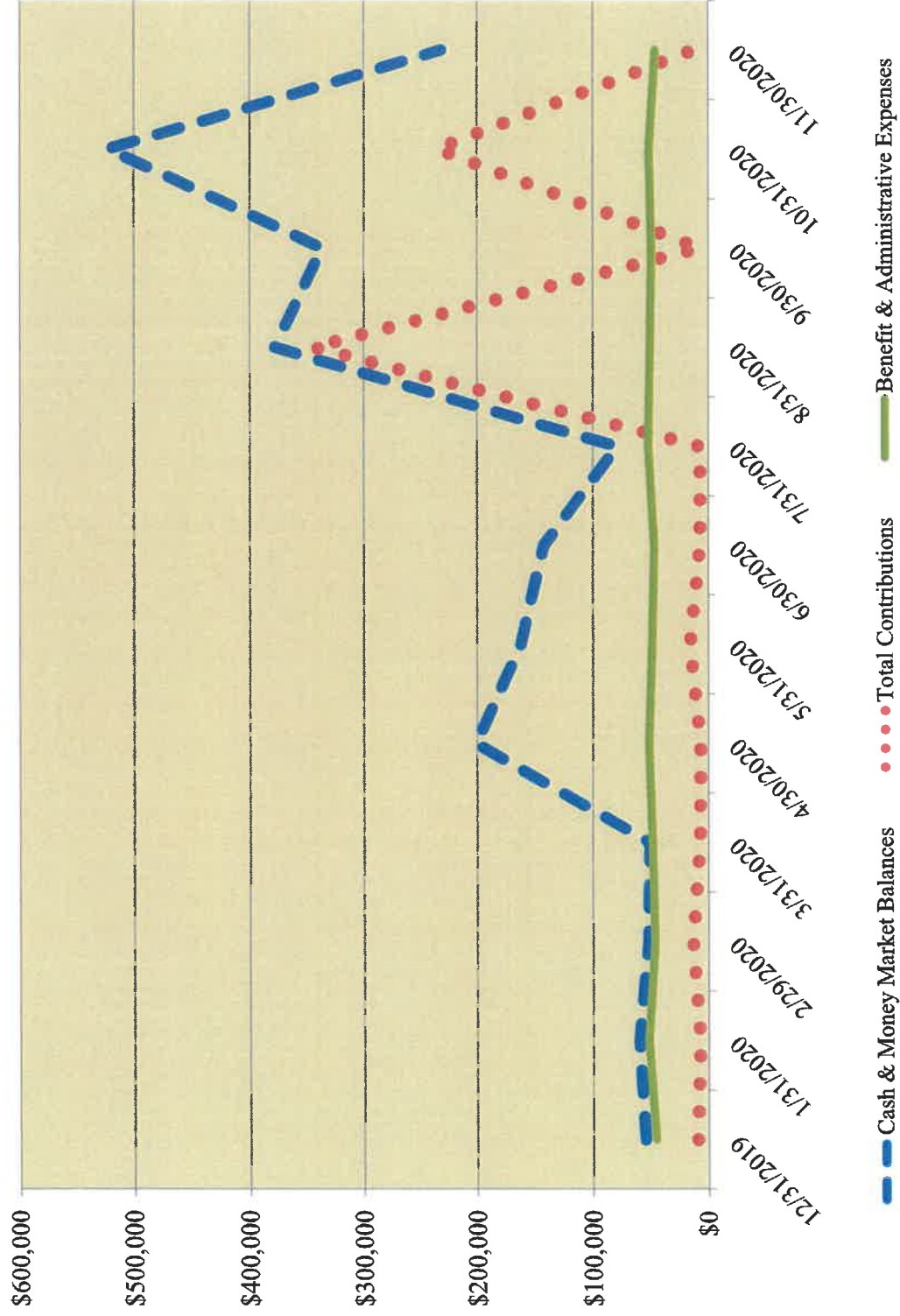
Cash Analysis Report

For the Twelve Periods Ending November 30, 2020

	12/31/19	01/31/20	02/29/20	03/31/20	04/30/20	05/31/20	06/30/20	07/31/20	08/31/20	09/30/20	10/31/20	11/30/20
<u>Financial Institutions</u>												
Harris Bank - CK #319-128-5	\$ 24,109	22,099	31,631	20,854	21,240	29,218	22,144	21,514	315,661	273,528	461,609	28,308
	24,109	22,099	31,631	20,854	21,240	29,218	22,144	21,514	315,661	273,528	461,609	28,308
TD Ameritrade - MM #922-033892	28,703	30,442	12,942	28,783	150,193	103,220	118,646	56,307	61,146	61,453	59,412	201,878
TD Ameritrade - MM #922-033924	1,749	7,315	7,316	1,297	29,185	29,185	1,185	1,260	1,260	1,260	1,418	1,418
	30,452	37,757	20,258	30,080	179,378	132,405	119,831	57,567	62,406	62,713	60,830	203,296
Total	54,561	59,856	51,889	50,934	200,618	161,623	141,975	79,081	378,067	336,241	522,439	231,604
<u>Contributions</u>												
Current Tax	-	-	6,177	-	-	-	-	-	337,411	-	224,168	5,703
Contributions - Current Year	9,109	6,969	6,969	7,084	6,855	15,920	7,144	7,144	7,144	7,144	10,715	7,168
	9,109	6,969	13,146	7,084	6,855	15,920	7,144	7,144	344,555	7,144	234,883	12,871
<u>Expenses</u>												
Pension Benefits	45,245	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172
Administration	-	5,635	-	2,155	(737)	2,359	615	6,065	4,235	3,105	5,626	-
	45,245	51,807	46,172	48,327	45,435	48,531	46,787	52,237	50,407	49,277	51,798	46,172
Total Contributions less Expenses	(36,136)	(44,838)	(33,026)	(41,243)	(38,580)	(32,611)	(39,643)	(45,093)	294,148	(42,133)	183,085	(33,301)

Princeton Firefighters' Pension Fund

Cash Analysis Summary



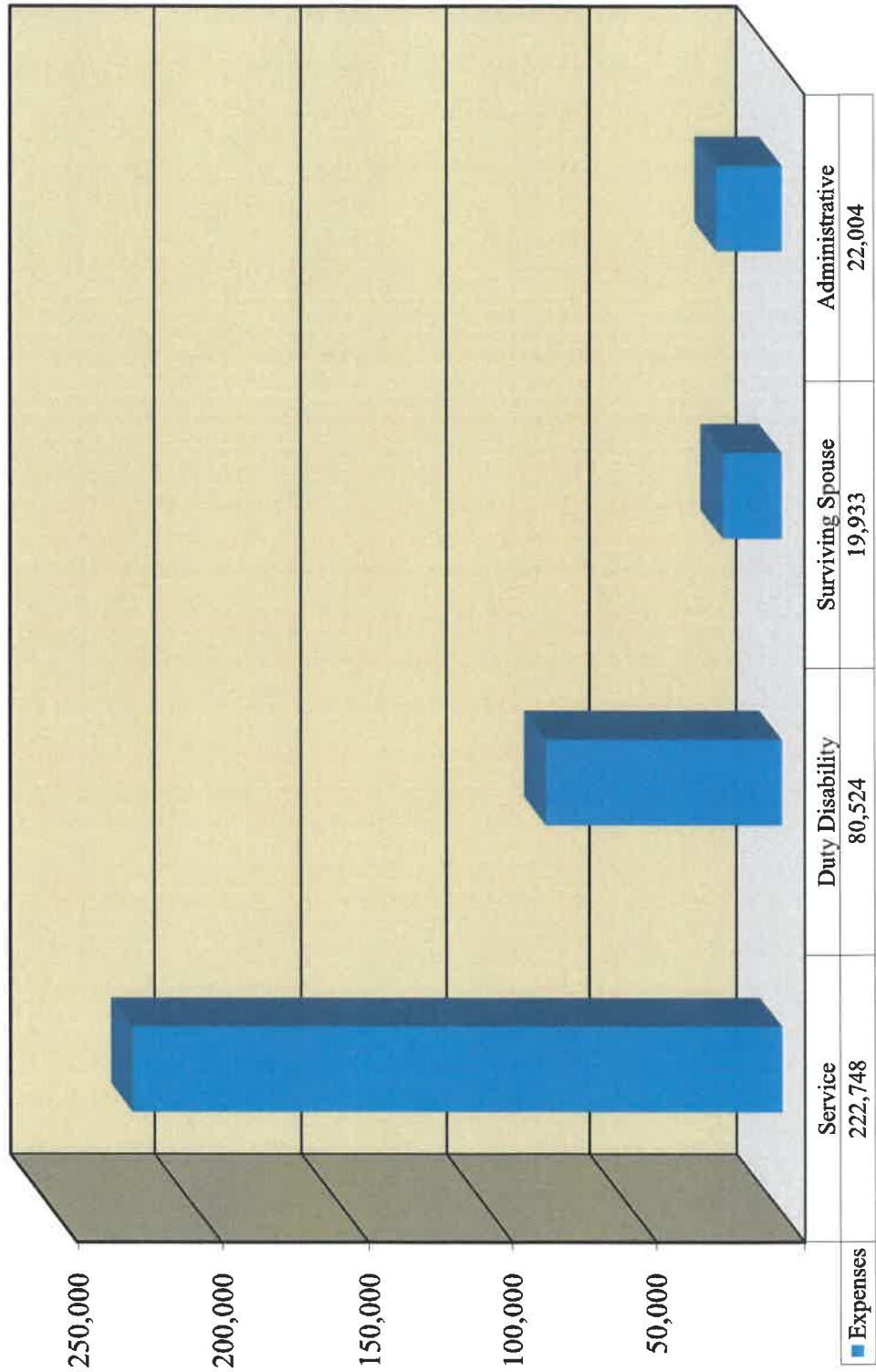
Princeton Firefighters' Pension Fund

Revenue Report as of November 30, 2020

		<u>Received this Month</u>	<u>Received this Year</u>
<u>Contributions</u>			
Contributions - Municipal			
41-210-00 - Current Tax		\$ 5,703.43	567,281.89
		<u>5,703.43</u>	<u>567,281.89</u>
Contributions - Members			
41-410-00 - Contributions - Current Year		7,168.13	62,378.30
		<u>7,168.13</u>	<u>62,378.30</u>
Total Contributions		<u>12,871.56</u>	<u>629,660.19</u>
<u>Investment Income</u>			
Interest and Dividends			
43-252-01 - TD Ameritrade - Fixed Income	#922-033892	20,511.42	58,901.46
43-550-02 - TD Ameritrade - Mutual Funds	#922-033924	1,544.95	20,216.85
		<u>22,056.37</u>	<u>79,118.31</u>
Gains and Losses			
44-252-01 - TD Ameritrade - Fixed Income	#922-033892	(4,649.79)	(20,639.90)
44-550-02 - TD Ameritrade - Mutual Funds	#922-033924	427,790.60	912,246.20
		<u>423,140.81</u>	<u>891,606.30</u>
Total Investment Income		<u>445,197.18</u>	<u>970,724.61</u>
Total Revenue		<u>458,068.74</u>	<u>1,600,384.80</u>

Princeton Firefighters' Pension Fund

Pension Benefits and Expenses



Princeton Firefighters' Pension Fund

Expense Report as of November 30, 2020

	<u>Expended this Month</u>	<u>Expended this Year</u>
<u>Pensions and Benefits</u>		
51-020-00 - Service Pensions	\$ 31,821.17	222,748.19
51-040-00 - Duty Disability Pensions	11,503.38	80,523.66
51-060-00 - Surviving Spouse Pensions	2,847.50	19,932.50
Total Pensions and Benefits	<u>46,172.05</u>	<u>323,204.35</u>
<u>Administrative</u>		
Professional Services		
52-170-01 - Actuarial Services	0.00	5,465.00
52-170-03 - Accounting & Bookkeeping Services	0.00	4,380.00
	<u>0.00</u>	<u>9,845.00</u>
Investment		
52-190-01 - Investment Manager/Advisor Fees	0.00	9,800.23
	<u>0.00</u>	<u>9,800.23</u>
Other Expense		
52-290-26 - Association Dues	0.00	795.00
52-290-34 - IDOI Filing Fee Expense	0.00	1,563.63
	<u>0.00</u>	<u>2,358.63</u>
Total Administrative	<u>0.00</u>	<u>22,003.86</u>
Total Expenses	<u>46,172.05</u>	<u>345,208.21</u>

LOCAL NEWS BRIEF

WATER USE SURVEY

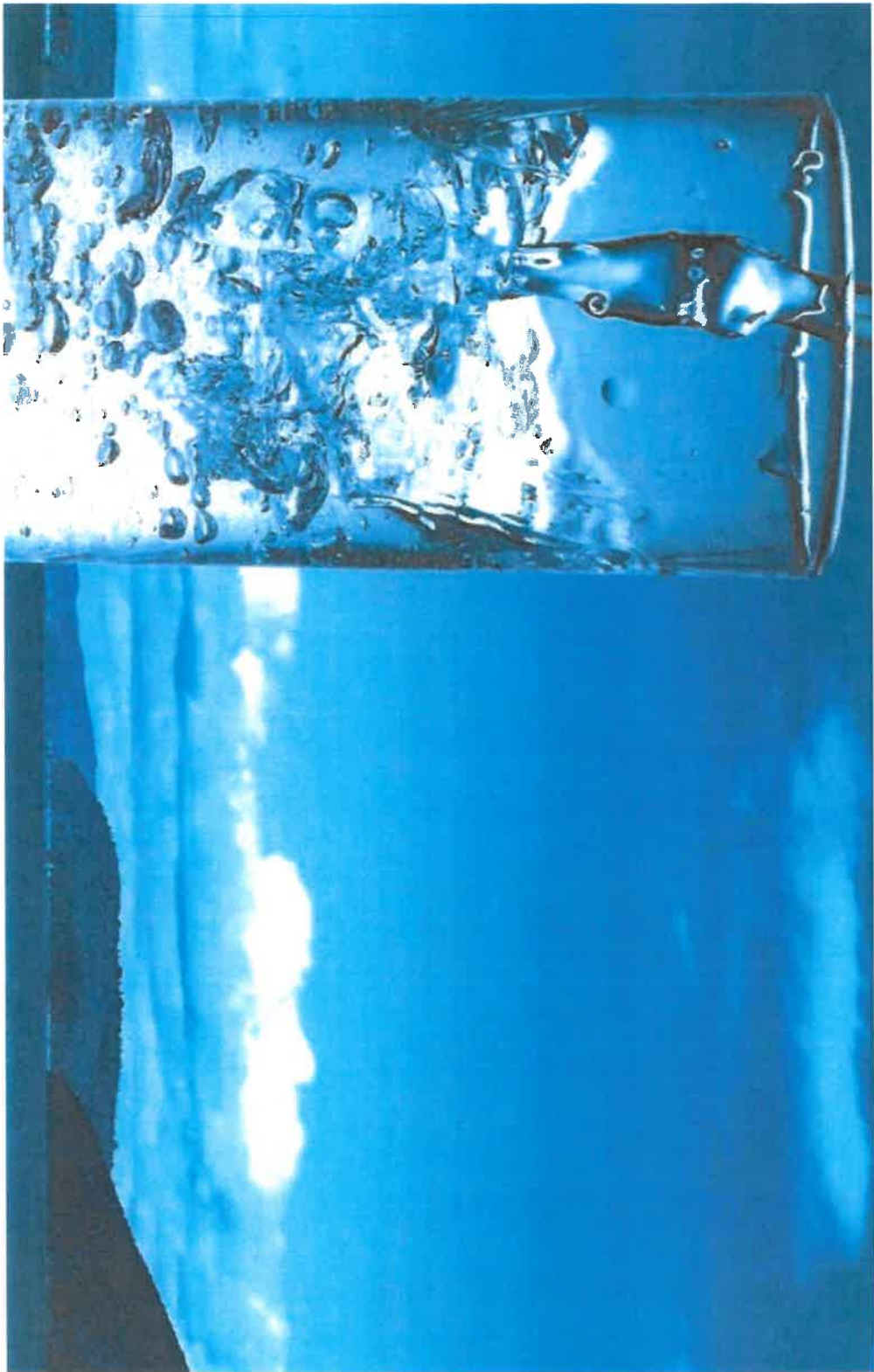
PRINCETON – The Illinois Environmental Protection Agency (IEPA) requires every water supplier to develop and implement a comprehensive cross connection control program for the elimination of existing cross connections and prevention or protection from all future cross connections. Regulations are in place to protect our drinking water systems

A requirement of the program is to conduct a survey of all water customers every three years. Princeton water customers will receive a survey post card in the mail soon, if not already.

Please simply follow the directions on the post card for completion of the survey. There is no cost and it takes only a few moments to complete. Surveys should be completed within 30 days of receipt of the post card.

Princeton's program contractor is Aqua Backflow from Elgin, IL. They specialize in cross connection control program management. Note that if you have or require backflow protection, you may be notified for compliance (testing, repairs, or installations) by Aqua Backflow. Contact them at 847-742-2296 or info@AquaBackflow.com with any questions.

Princeton's Cross Connection Control Program is designed to safeguard public health. We ask for your cooperation with our program, its enforcement, and any requests for information that comes from Aqua Backflow or Princeton staff.





City of Princeton
2 South Main Street
Princeton, IL 61356

IMPORTANT - PLEASE COMPLY

Water Use Survey - Cross Connection Control Program

The City of Princeton supplies millions of gallons of safe, clean water every day to our customers. Our water quality exceeds the standards established by

United States Environmental Protection Agency (EPA) and Illinois Environmental Protection Agency (IEPA) Regulations.

Per the IEPA, we are required to perform a "survey" of all water customers every three years to help protect the public water systems. This survey is required by the IEPA and is NOT optional.

Our program management firm of Aqua Backflow has helped us with our green initiative and created an eco-friendly online survey form for you to complete. It takes only a few moments and there is no cost to you.

Please visit TrackMyBackflow.com within 30 days. Click on the Forms tab, then Water Use Survey. Enter your Site ID # «**SiteID**» and complete the survey. If you have any questions or are unable to complete online, please contact Aqua Backflow at 847-742-2296 or info@aquabackflow.com.

THANK YOU for your cooperation and assistance in keeping our water safe!

SITE ADDRESS: «Address», «City», «State» «Zip»

CURRENT OCCUPANT OR

«Contact»

«Company»

«Address»

«City», «State» «Zip»