

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Agreement”) effective as of March 23, 2016, is made and entered into by and among the Village of Orland Park, an Illinois home rule municipal corporation (the “Village”), and the St. George Corporation, St. George Wellness Center and Palos Community Hospital each an Illinois not-for-profit corporation (together “St. George”) (each a “Party” and, collectively, the “Parties”).

Statement of Facts

A. The Parties desire to realize the expansion, improvement and modernization of the primary care, cancer treatment, medical imaging, and medical office facilities located at 15300 S. West Avenue, Orland Park, Illinois (the “South Campus”). The commitment to the community’s local outpatient health care needs dates back more than 30 years to the construction of the Primary Care Center in Orland Park in 1985. As the Orland area has grown, so has the Primary Care Center, with the new buildings opening on the South Campus in 1989 and in 1999.

B. Continuing this tradition of service, Palos Community Hospital petitioned the State of Illinois Health Facilities and Services Review Board for approval of a Certificate of Need for the expansion of the South Campus and the staff report has declared the application complete on January 4, 2016

C. The proposed expansion, to be undertaken in an era of rapid changes brought about in part by the Affordable Care Act and changes in the health insurance markets, involves over \$100 million in investment in the Village of Orland Park to serve both current and future health needs of the entire community and surrounding communities. The total project, including medical space, enhancements to existing buildings and additional covered parking will add nearly 250,000 square feet of improvements to the campus.

D. The proposed expansion will necessitate a significant change and reconfiguration of the existing South Campus site plan, including expanded parking and road improvements to serve the larger patient base in the coming years.

E. The existing South Campus site plan includes the Palos Health and Fitness Center (the “Fitness Center”), which has been in existence and used by members of the community for 15 years.

F. Current plans for expansion of the South Campus require additional buildable land and pose a potential loss of the Fitness Center. In an effort to balance the community’s needs for both additional medical services and fitness services the Parties earlier this year began a series of conversations to determine whether the Parties, working collaboratively in the public interest, could meet both needs.

G. The Village is interested in securing an indoor aquatic facility for use by its residents as an additional fee based amenity.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree the preceding Statement of Facts is accurate and incorporated into this Agreement for all purposes, and further agree as follows:

Section 1: Mutual Agreements.

- (a) The Parties will provide each other all information deemed necessary by the Village to complete the actions contemplated by this Agreement.
- (b) The Parties will engage in mutual good faith negotiations for a development agreement that provides for, inter alia, a transfer of title of the Fitness Center and related parking areas from St. George to the Village.

- (c) The negotiated development agreement will, additionally, provide for a complimentary land and/or financial contribution by the Village to St. George to offset the loss of developable land needed for the expansion of the South Campus as a result of the preservation of the Fitness Center.
- (d) During the time between the date hereof (the “Effective Date”) and the date which is ninety (90) days after the Effective Date, the Village will review and evaluate certain facilities and financial information as requested by the Village (the Village’s “Due Diligence”) to include:
- (i) valuation of the Fitness Center (both real and personal property as well as related parking areas) for the Parties to determine a mutually beneficial exchange;
 - (ii) an inventory of assets and an analysis of Fitness Center operating costs, projected cash flow in order to give the Village a better understanding of the ongoing and projected financial picture of the Fitness Center;
 - (iii) the existing operating agreement with the Fitness Center third party facility operator;
 - (iv) three (3) years of financial statements pertaining to the Fitness Center;
 - (v) All related documents showing facility usage, fee schedule, hours of operation, etc.; and
 - (vi) such other Due Diligence as the Village, in its discretion, deems necessary.
- (e) During the time between the Effective Date and the date which is ninety (90) days after the Effective Date, St. George will continue to operate the Fitness Center in

the same manner and to the same extent as the Fitness Center is currently being operated.

- (f) All information and documentation provided by St. George to the Village shall remain confidential as previously agreed. The Parties acknowledge that such information and documentation contain trade secrets and commercial or financial information obtained from St. George under a claim that they are proprietary, privileged and confidential, and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to St. George's business. As such, the information and documentation is exempt from disclosure by the Village pursuant to Section 7(1)(g) of the Illinois Freedom of Information Act (5 ILCS 140/7(1)(g)).
- (g) The Parties acknowledge and understand that notwithstanding anything in this Agreement to the contrary, this Agreement is subject to the following: (i) the Parties must take future actions to undertake and implement certain obligations under this Agreement; and (ii) the representation of and performance of the covenants and agreements of the Village are subject to and contingent upon compliance with and completion of applicable statutory and administrative procedures, including, without limitation, applicable public notice and public hearing requirements, official actions by governing bodies, and any remonstrance and appeal rights. Each party covenants it shall use its commercially reasonable efforts to do all things lawfully within its power to take the necessary actions to effectuate the matters contemplated herein by and otherwise implement this Agreement to the fullest extent possible in accordance with the time frame set

forth herein, unless such dates are extended by mutual written consent of the parties.

- (h) The Parties agree to (i) promptly execute and deliver such additional agreements, instruments and documents; (ii) provide such additional technical information; (iii) hold and attend such public hearings or meetings relating to the transaction contemplated herein, and the additional actions required by this Agreement; and (iv) take such additional actions as may reasonably and legally be required or requested by the Parties from time-to-time in order to effectuate the matters contemplated by this Agreement.

Section 2: General.

- (a) The Village, in good faith, shall use reasonable efforts to expedite the review of all information and documentation provided by St. George related to this Agreement.
- (b) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.
- (c) The Parties agree to use reasonable efforts to consult on any public statements or information releases.
- (d) This Agreement may be amended only by a written instrument executed by all of the Parties. Any condition precedent to any Party's obligations hereunder may be waived only in writing by such Party.
- (e) Any notices, requests, or other communications required or permitted to be given hereunder shall be in writing and shall be either (i) delivered by hand; (ii) mailed by United States certified mail, return receipt requested, postage prepaid; or (iii)

sent by facsimile (with the original being sent by one of the other permitted means or by regular United States mail) and addressed to each party at the applicable address set forth herein.

Village: Village of Orland Park
14700 Ravinia Avenue
Orland Park, Illinois 60462
Attn: Paul Grimes, Village Manager
Telephone: (708) 403-6159
Facsimile: (708) 349-4859

with copies to: Klein, Thorpe and Jenkins, Ltd.
15010 S. Ravinia Avenue, Suite 10
Orland Park, Illinois 60462-5353
Attn: E. Kenneth Friker
Telephone: (708) 349-3888
Facsimile: (708) 349-1506

St. George: St. George Corporation
St. George Wellness Center
Palos Community Hospital
12251 S. 80th Avenue
Palos Heights, Illinois 60463
Attn: Timothy J. Brosnan, Vice President
Planning and Community Relations
- and -
Charles E. Reiter III
Executive Vice President
System General Counsel

IN WITNESS HEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers effective as of the date set forth above.

VILLAGE:

VILLAGE OF ORLAND PARK, an
Illinois home rule municipal corporation

By: _____
Name: _____
Title: _____

ST. GEORGE:

ST. GEORGE CORPORATION AND
ST. GEORGE WELLNESS CENTER,
Illinois not-for-profit corporations

By: _____
Its: _____

PALOS COMMUNITY HOSPITAL:

PALOS COMMUNITY HOSPITAL,
Illinois not-for-profit corporation

By: _____
Its: _____

PENDING APPROVAL