

LOAN AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of July, 2010, by and between **West Allis Memorial Hospital, Inc.** a Wisconsin non-stock corporation, having its principal office at 8901 W Lincoln Ave., West Allis, Wisconsin 53227 ("Borrower"); and, the **CITY OF WEST ALLIS**, a Municipal Corporation, organized and existing under the laws of the State of Wisconsin ("City").

WHEREAS, the City on January 20, 1998 found it in the best interest of the City on behalf of the West Allis Memorial Hospital to issue a total of \$24,735,000 in Refunding Bonds of which the West Allis Memorial Hospital was the recipient of \$21,915,000 (the "Series 1998 WAMH Bonds") and,

WHEREAS, the City on March 16, 2010 (R2010-0088) approved a partial call of \$255,000 in Principal for the remaining 1998c General Obligation Refunding Bonds owed in 2011 and 2012 (2011 - \$200,000 and 2012 - \$55,000) and,

WHEREAS, \$2,285,000 of principal of the Series 1998 WAMH Bonds still remains outstanding at the fixed rate of 4.5%, with \$1,785,000 of principal being payable on June 1, 2011 and \$500,000 of principal being payable on June 1, 2012 and,

WHEREAS, if the City is permitted to call the remaining \$2,285,000 on behalf of the Borrower utilizing City funds and to create a new Loan (the "Loan") between the Borrower and the City, a rate of 4.0% will be charged and,

WHEREAS, the establishment of the Loan will require the City to offset the note with fund balance for 2010 in the amount of \$2,285,000 and in 2011 for \$500,000. Such funds shall be moved from what is currently classified as "Designated for Post Retirement Benefits" to be returned once the funds have been received by the City and,

WHEREAS, the City is willing to finance the Loan and the Borrower is willing to accept the Loan, in accordance with the following terms and conditions.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, warranties, assurances, covenants and agreements hereinafter set forth, the parties agree as follows:

1. The City shall loan to the Borrower from its General Fund the amount of Two Million Two Hundred Eighty Five Thousand and 00/100 Dollars (\$2,285,000.00) pursuant to the terms and conditions of a Note in the form attached hereto as Exhibit "A", the terms of which are incorporated herein by reference (the "Note"),

2. The interest rate will remain at 4.5% until the Series 1998 WAMH Bonds have been called after which the new rate of interest will be 4.0%.
3. The City agrees that it shall take all actions necessary to the Series 1998 WAMH Bonds as soon as possible, but no later than 9/01/10. On December 1, 2010 interest will be to the City of West Allis as outlined above. An estimate using September 1, 2010 as the payment/call date would result in interest being owed from 6/1/2010 – 8/31/2010 at the rate of 4.5% = \$25,706.25 and interest from 9/1/2010 – 11/30/2010 at the rate of 4.0% = \$22,850.00 for a total of \$48,556.25.
4. On June 1, 2011 the Borrower shall make a principal payment of \$1,785,000 and an interest payment of \$45,700. Prepayment of principal is not permitted.
5. On December 1, 2011 the Borrower shall make an interest payment of \$10,000.
6. On June 1, 2012 the Borrower shall make a principal payment of \$500,000 and an interest payment of \$10,000. Prepayment of principal is not permitted.
7. The City shall be responsible for the calling of the debt and the related costs associated with the calling of the debt such as the publication cost and related attorney fees.
8. The Borrower payments as outlined above are general obligations of the Borrower, and Aurora Health Care, Inc. as parent of the Borrower, further supports the payments of the Borrower.
9. In order to induce the City to enter into this Agreement, the Borrower makes the following representations, assurances, covenants and certifications:

A. The call of Series 1998 WAMH Bonds would not be undertaken unless the public funding provided by the Loan becomes available.

B. This Agreement and the Note legal, are valid, binding upon and enforceable against the Borrower in accordance with their terms, except as such terms may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and except as may be limited by general principles of equity.

C. There is no action, suit, proceeding or investigation before any court, public board or body pending or threatened against the Borrower or any of its property which, if adversely determined, would have a material adverse effect upon the business, properties or financial condition of the Borrower.

D. The Borrower shall (i) preserve and maintain its business as presently conducted or contemplated, and all of its rights, privileges and franchises necessary or desirable in the normal conduct of said business, (ii) conduct its business in an orderly, efficient and regular manner, (iii) keep its property useful or necessary to the operation of their business in good working order and condition, and from time to time make all needed repairs, renewals and replacements thereto, so that the efficiency of the Borrower's property shall be usefully preserved, (iv) will comply with all applicable laws and regulations governing the conduct of the Borrower's business and the terms of any indenture, contract or other instrument to which the Borrower may be a party or under which it or its property may be bound, all for so long as noncompliance will have a material adverse effect upon its financial condition, except where contested in good faith and by proper proceedings.

E. The Borrower shall pay to the City, upon demand, all reasonable charges and expenses of every kind or description, including, but not limited to, attorney's fees and expenses of litigation and any and all expenses incurred by the City in seeking relief from the automatic stay or any other bankruptcy proceedings, and other expenses (of the type customarily charged by the City) incurred or expended by the City in connection with or in any way related to the City's relationship with the Borrower, with respect to the transactions contemplated by this Agreement whether hereunder or otherwise, except for costs related to the refunding covered by section 7 above.

10. All statements contained in any certificate, instrument or document delivered by or on behalf of any of the parties pursuant to this Agreement and the transactions contemplated hereby shall be deemed representations and warranties by the respective parties hereunder unless otherwise expressly provided herein. The representations, assurances and covenants contained in this Agreement shall survive the closing and continue in full force and effect for the duration of the Loan. No examination or investigation by or on behalf of the City shall have the effect of estopping the City from asserting breach or failure of any such representation or warranty or constitute or operate as a waiver of any such representation or assurance in whole or in part.

11. In the event of a nonpayment by Borrower of any sum of money at the time or times when the payment shall become due; or the failure to observe or perform any of the covenants or agreements by the Borrower to be kept and performed under this Agreement; or the breach of any representation, warranty or assurance made in this Agreement by Borrower or in any document furnished under the terms of this Agreement; then, in such case, the whole amount of principal due on the Note shall, at the option of the City, become immediately due and payable without any notice whatever, which is hereby waived, and the same, together with all sums of money which may be or have been paid by the City in connection therewith, plus interest thereon at the rate aforesaid,

shall thereupon be collectible in a suit of law, in the same manner as if the whole of said principal sum had been made payable at the time when any such default shall occur; and, the Borrower covenants and agrees that it will pay to the City all expenses incurred therein , and a reasonable sum of money as attorneys' fees, to be included with the expenses above mentioned in the judgment or decree.

12. Each of the parties to this Agreement is entitled to all remedies in the event of default or breach provided at law or in equity. Any forbearance by the City in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

13. Any notices or other communications required or permitted hereunder shall be in writing and shall be sufficiently given if delivered in person or sent by certified or registered mail, postage prepaid, addressed as follows:

If to the Borrower: West Allis Memorial Hospital, Inc.
8901 W Lincoln Ave.
West Allis, WI 53227
Attention: Vice President, Treasury and Finance of Aurora
Health Care, Inc.

If to the City: City of West Allis
7525 West Greenfield Avenue
West Allis, Wisconsin 53214
Attn: Clerk

All such notices or other communications, if mailed, shall be deemed given three (3) days after having been posted.

14. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned without the prior written consent of the other parties.

15. This Agreement and the performance of transactions contemplated hereby shall be governed by, construed and enforced under and in accordance with the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date, month and year first above written.

CITY OF WEST ALLIS ("City")

West Allis Memorial Hospital, Inc.
("Borrower")

By: _____
Dan Devine, Mayor

By: _____
Robert D. O'Keefe,
Vice President, Treasury and Finance
of Aurora Health Care, Inc.

Attest: _____
Paul M. Ziehler, City Administrative Officer
Clerk/Treasurer

EXHIBIT A

\$2,285,000

West Allis, Wisconsin
July 6, 2010

NOTE

FOR VALUE RECEIVED, the undersigned, West Allis Memorial, Inc., a Wisconsin non-stock corporation, ("Borrower"), promises to pay to the order of the City of West Allis, a municipal corporation ("City"), the sum of Two Million Two Hundred Eighty Five Thousand and 00/100 Dollars (\$2,285,000), together with interest at the rate of four percent (4.00%) per annum, until paid in full. Interest and principal payments shall be made as outlined in the Loan Agreement between the Borrower and the City.

The Borrower agrees to pay all costs of collection, including reasonable attorneys fees and all fees and expenses incurred in endeavoring to protect, enforce and realize upon any collateral security for the payment of the Note. Borrower, for itself, its successors and assigns, hereby expressly waives presentment for payment, notice of dishonor, presentment, notice of protest, protest and all diligence of collection.

All payments shall be made in lawful currency of the United States of America, to the City Clerk/Treasurer of the City of West Allis, 7525 West Greenfield Avenue, West Allis, Wisconsin 53214, or such other place of payment as the holder of this Note may designate in writing.

If the Borrower, shall fail to make prompt payment of any principal and interest when it is due, interest shall continue to accrue at the stated interest rate on the outstanding principal until paid. In the event the Borrower anticipates that any payment of principal or interest will not be paid when due, it agrees to provide City notice of such delay and expected timing for payment.

If any installment of principal or interest is not paid when it becomes due, or if default occurs in the performance or compliance with the covenants and conditions of any instrument securing the indebtedness evidenced by this Note, or in the Loan Agreement pursuant to which this Note is given, the holder may, at its option, to be exercised at any time thereafter, declare the entire unpaid balance of principal and accrued interest immediately due and payable, without notice or demand, both notice and demand being hereby expressly waived. The holder's failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. Thereafter in lieu of late charges and any other interest provided for in this Note, all unpaid principal and interest shall bear interest at the rate of eighteen percent (18%) per annum until paid.

This Note is general obligation of West Allis Memorial Hospital Inc., and further supported by the parent organization - Aurora Health Care, Inc.

This Note may NOT be prepaid, in full or in part.

This Note is executed in and is governed by the laws of the State of Wisconsin. Invalidity of any provision shall not affect the validity of any other provision. Without affecting the liability of the Borrower or any guarantor or enforcer, the holder may, without notice, renew or extend the time for payment, accept partial payments, release or impair any collateral security for the payment of this Note or agree to sue any party liable on it. Waiver of any default shall not constitute a waiver of any other or subsequent default.

West Allis Memorial Hospital, Inc. (“Borrower”)

By: _____

Robert D. O’Keefe
Vice President, Treasury and Finance
Aurora Health Care, Inc.