

HealthSettings Network Inc

Statement of Qualifications



HealthSettings Network Inc



HEALTHCARE FACILITY DEVELOPMENT AND BUSINESS MANAGEMENT

HealthSettings Network Inc. is a national real estate development firm that brings together in a single “networked” development team the skills necessary to assist our clients with all their facility development and business management needs. However, unlike traditional developers, we encourage our clients and tenants to participate in facility ownership. We provide single-point-of-responsibility solutions in:

1. Healthcare Facility Development including:
 - Hospitals
 - Ambulatory Surgery Centers
 - Medical Office Buildings
 - Wellness Centers
 - Imaging Centers
 - Medical and Biotech Research Facilities
 - Urgent Care Centers
 - Long-term Care Facilities
2. Consulting - Master Planning, Business Planning, Practice Management
3. Facility Construction and Renovation Project Management
4. Property Management, including accounting services and investor relations.
5. Acquisitions of existing Healthcare Facilities

STRATEGIC ALLIANCES: THE RIGHT NETWORK, THE RIGHT SOLUTIONS

In order to carry out our client's business plan effectively, we select a highly experienced, professional team of specialized "partners" unique to the characteristics and requirements of each client's individual project needs. Our strategic alliances are the result of time-tested relationships with professional organizations that are dedicated to the design, funding and construction of healthcare facilities of the highest caliber. All of our seasoned Development Team allies share a complete commitment to controlling costs while delivering the greatest possible value. Our strategic alliances include the following world-class "partners":

Design and Construction Firms

- Cannon Design
- The Smith Group
- The Proteus Group
- Gilbane Building Company
- PGAL Design
- PDT Architects
- Barr & Barr

Strategic/Operational Health Planning Consultants

- Stroudwater Associates

Construction-Project Management Consultants

- HB Cornerstone

Legal Firms

- Harris Beach PLLC
- Woods Oviatt Gilman LLP

Funding Sources

- GE Healthcare Financial Services
- Key Bank
- Roosevelt and Cross
- Ziegler Healthcare Real Estate Funds
- Universal Health Realty Income Trust

Health Care Practice Management Consultants

- EBM Group

Wellness Center Planning & Operating Management

- Lynne M. Miller, LLC

*Proposed Comprehensive Cancer Research Center,
Univeristy of Hawaii*



Our Core Mission: Bringing Life to Healthcare Facilities

COMPANY OVERVIEW

HealthSettings Network Inc was founded in 1996, and has evolved around the central concept of working as a "network" of self-selected, independent companies that have joined together by choice into a cohesive Team, bound by a shared mission to serve as an "agent" developer for its hospital, institutional and physician clients. This Development Team can provide the complete menu of consulting and development needs. Made up of independent companies, our Network Team has natural checks and balances that support the "partnership" that is a key to the Team's relationship with its clients. Our unique business model prevents the familiar picture of development for the benefit of the developer.

HealthSettings Network Inc (HSN) was created to meet a changing and pervasive need in the healthcare industry. Specifically, solutions include the acquisition or development and construction of ambulatory surgery centers, medical office buildings, imaging centers and long-term care facilities with funding and ownership options that provide for physician or third-party ownership and independent financing. The HSN Team also specializes in tax-exempt solutions for new and replacement hospitals.

The core mission of HSN is to serve as our client's "agency" development arm and to provide its client with a seamless menu of services necessary to plan, design, fund and construct their healthcare facility. From start to finish, we remain the project's single-point-of-responsibility, including new practice setup, property management and investor relations. All operating divisions provide solutions to typical client issues, and support our core mission.

Uniformly and increasingly, hospitals have moved away from the use of their own assets to finance real estate and capital projects, choosing instead to channel their resources into the support of staff, research and equipment. Also, private physicians who have targeted facility ownership as a viable additional revenue stream may not want to be distracted with the rigors of facility development and management. HSN recognizes these trends and has fashioned a flexible business model in response. For example, we encourage our clients (institutional, hospital and physician) to participate in the project's ownership, and in so doing, we provide alternative third-party solutions, often unpopular with traditional developers, that help our clients better meet the objectives of their own business plans.

Throughout the entire process, from business planning to facility design, as well as funding, construction, and property management, HealthSettings remains the single-point-of-responsibility.

HSN has five operating groups to support the company's core mission:

- **FACILITY DEVELOPMENT** - By serving as our client's extended (and temporary) facilities staff, HSN provides turnkey development management services for a range of healthcare facilities including hospitals, ambulatory surgery centers, medical office buildings, wellness centers, imaging centers, medical and biotech research facilities, urgent care centers, long-term care and related senior living facilities. (see page 6)

- **CONSULTING** - When management is faced with decisions about facility expansion or major capital modification, comprehensive information is needed to make the necessary choices. HealthSettings and its seasoned Network 'partners' have the tools and first-hand experience to provide its client's with a thorough analysis of such matters as:
 - The unique demographics of the chosen service area
 - Epidemiological considerations in the area
 - Competition
 - Building cost and design analysis of construction peculiar to the subject area
 - Proprietary financial modeling of the prospective facility
 - Projected rent (or cost of capital)
 - Operating cost analysis
 - Risk analysis of the project
 - Medical Campus Master Planning
 - Business Planning
 - Physician Practice Development, start-up and management services

All of the senior principals and Network 'partners' are experienced, senior managers and executives in their respective fields. Many have served as CEOs, CFOs and COOs in hospitals, banks, corporations, universities and government, so their experience relates directly to the decisions facing our clients.

- **FACILITIES PROJECT MANAGEMENT** - Regardless of your new facilities' ownership structure, building a Class A facility takes attention to detail, knowledge of the construction industry and significant time away from your "everyday" job. HealthSettings Network can provide project management for your facility construction project, of any size. Think of us as a high level, flexible part of your direct staff – working for you to make sure the job is done on time and within budget. The scope of our project management assignments can be scaled to your needs.

We take pride in bringing value to every job. We actively manage a project to minimize redundant efforts across the team, we excel at communications, we understand construction, which allows us to be your eyes, ears and voice in a project. We believe that our active management and strong communication processes result in more accurate budgeting, contingency planning and schedule predictions to better avoid change orders and delays. This greatly impacts the overall project from beginning to end.

We represent you as a single, central, informed, empowered, involved project manager with responsibility to oversee all aspects of the project. Our services provide a filter for daily inconsequential details, allowing you to focus on the demands and activities of carrying out your core responsibilities. We provide:

- Expert representation exclusively on behalf of your interests
 - A single point of contact for all project matters
 - A single consistent source for all project information and communications
 - A dedicated project advocate focused to complete your project accurately, on schedule and on budget.
- **PROPERTY MANAGEMENT** - To underscore its commitment to each project, HSN remains involved long after the tenants take possession of the premises. We administer the maintenance and repair of the physical plant and grounds and thereby help ensure the property is maintained in a first-class manner. In addition, to help promote the long-term stability of the project and to preserve the integrity of our investors' interests, we provide ongoing administrative management including rent collection, accounting, investor distributions, and other financial responsibilities.
 - **ACQUISITIONS** - Across the Country, many hospital systems are experiencing dwindling cash reserves, and recent events in the US capital markets have made this situation much more unpredictable. Meanwhile, the need within the health care community for easily accessible ambulatory facilities is growing at an unprecedented rate. In cases where hospitals already own these facilities, HealthSettings can model the effects of acquiring facilities from hospitals, then master-leasing that facility back to the hospital, thus freeing cash for investment in key staff, state-of-the-art equipment, and other, more pressing needs that serve the institution's core mission to patient care. HealthSettings has the financial resources available to work with you to arrange the necessary transfer of ownership. We have the infrastructure and personnel to manage both the administrative and the physical maintenance of your ambulatory facilities throughout this seamless transition.

The image shows a close-up of a blue document with a table. The table is titled 'AREA TABLE' and is divided into two main sections: 'Research' and 'Outpatient Cancer Prevention'. The 'Research' section has two columns: 'Lab Space' and 'Office Space'. The 'Outpatient Cancer Prevention' section has two columns: 'Clinic' and 'Ad'. The table contains the following data:

Research		Outpatient Cancer Prevention	
Lab Space	Office Space	Clinic	Ad
54,723	56,990	1.20	
1.35	67,438	1.25	

HOSPITALS AND PRIVATE PHYSICIANS: THE CHALLENGE

Serving critically and chronically ill patients in facilities with centralized equipment and staff will always be a primary responsibility of the hospital. However, without compromising the level of provided care, medical and healthcare systems are increasingly challenged to seek new ways to provide early diagnosis and extended treatment management in less costly, often third-party owned alternative ambulatory healthcare settings within hospital campuses as well as in the surrounding community. In fact, nationally, hospitals are investigating ways to monetize bricks-and-mortar and other long-term assets from their balance sheets in order to concentrate increasingly limited financial resources on critical patient care, teaching, research, staff and equipment.



To be sure, some of the challenges facing the private physician are consistent with the challenges facing the hospital. Private physicians, however, often encounter their own unique set of obstacles as well. For instance, the private physician attempting to develop his or her own facility may have difficulty gathering lease commitments from their colleagues, or navigating the time-consuming and complex process of juggling the efforts of an army of professionals including bankers, designers, architects, engineers, attorneys and practice management consultants. This process can easily take in excess of two years, and is especially challenging while trying to maintain a medical practice.

Conversely, turning the development of the project over to a traditional developer can be tantamount to a loss of control, and may all but guarantee relinquishing ownership of the project to someone with objectives radically different from those of the physician.

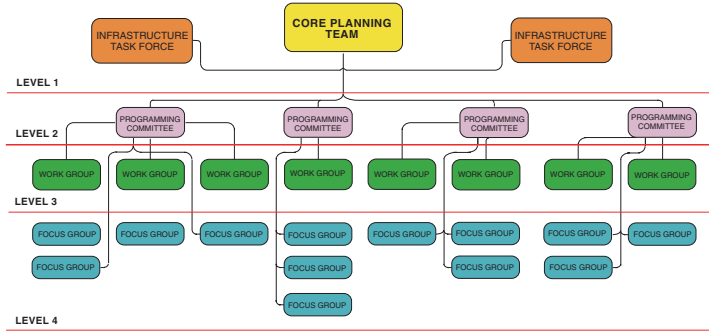
The Solution...

HealthSettings provides complete Healthcare Facility Development Services and Property Management solutions at the lowest possible cost:

1. We start with project planning that is synchronized with capital and funding plans. We believe it is critical to engage the client's own management in the key issues of this strategic planning.
2. We engage a development team consisting of members who specialize in the areas necessary to address the specific demands of each client's unique project.
3. We utilize professionals with expertise in the complex process of accessing the capital market.

Through all phases of a project, from initial concept to the completion of building construction, and then into on-going property management, HealthSettings Network provides its clients with a single-point-of-responsibility and a seamless project delivery team to serve as advocate for our client.

We recognize that participation in ownership helps create long-term project stability, and accordingly, we encourage our clients, tenants and qualified community members to join our institutional investors in facility ownership. HSN principals provide the conduit for private and institutional investments in any of our projects where equity is needed. In furtherance of a stable, on-going project, our principals also personally retain a nominal equity position in each of the Company's projects. Thus, we align our objectives with those of the client, and in so doing we forge a virtual "partnership." Inasmuch as we are co-owners — we share a common mission with the client; and this common mission underscores our ongoing commitment to the project, and reassures the client that it will receive constant support and guidance in making sound business and financial decisions.



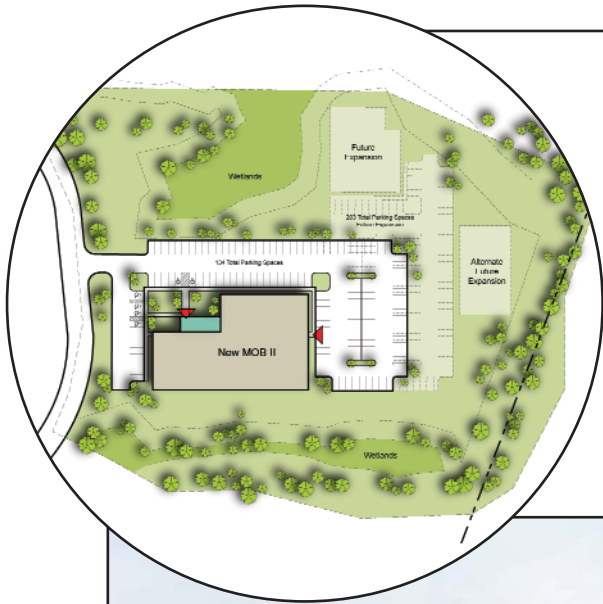
SINGLE-POINT-OF-RESPONSIBILITY

While HSN constantly strives to establish trusting relationships between our client and those professionals providing the necessary menu of services required to complete a development project, we nevertheless remain dedicated to our commitment to serve as the project's single-point-of-responsibility. As a result, our clients are cushioned from the process of initiating and managing the development of a complex medical facility project. For example, among its many responsibilities, HealthSettings designs and negotiates all ground and space leases, thereby relieving hospital staff of this responsibility. Accordingly, hospital management is removed from the unenviable position of having to "do business" with its own physicians. Throughout the development process we never lose sight of the impact of the rent on our tenant's budget.

Since our role is to remain firmly positioned as the focal point of the project, HSN is fully equipped to weave together in proper order the complex activities of business planning, funding, architectural design and engineering, practice management set up, design and implementation of data and image infrastructure, facility construction, and property management.

... AND, OUR NEWEST HEALTHCARE DEVELOPMENT PROGRAM:

Several years ago, HealthSettings Network responded to the national call for development of Wellness Centers, an emerging type of destination-scale ambulatory facility that blended conventional with complementary medicine, together with heart, rheumatology, cancer and other rehabilitation services, all blended with child and adult care, day spas, cafes, libraries and many other social services. In our Company's traditional "networking" method of affiliation with trusted, experienced strategic allies, we began working with Lynne Miller in 2003 to respond to our clients' requests for evaluation of their potential Wellness Center projects... Lynne, with a BS in Health Care Administration, an MS in Nursing and extensive experience in medical science and business, began collaborating with HealthSettings by guiding, evaluating and modeling potential Wellness Center projects being brought to our Company. Together, we began to develop a distinct line of Wellness facility planning, development, financing, recruitment, on-going operations and property management, all aimed at the national Wellness Center marketplace. (see page 17)



8/24/07



9/6/07



10/23/07



11/15/07

5/8/08

THE DEVELOPMENT PROCESS

Seeing Your Vision Become Reality

Our experience reveals that very few managers of medical organizations across the country have the time, desire nor the resources on staff to efficiently plan, coordinate, and direct the development of a complex new medical facility project. HealthSettings Network Inc will take your vision and make it your reality. We do this through the following process:

PHASE I: Preliminary Feasibility Analysis & Due Diligence

- Strategic Business Planning
- Master Planning
- Facility Planning
- Budget Projections
- Rent Estimates
- Market Demographics
- Practice Management Development
- Critical Path Planning
- Tenant Recruiting
- Team Development
- Ownership and Funding Analysis and Recommendations

PHASE II: Design, Financing, and Construction

- Complete Facility Design
- Practice Management & Technology Development
- Prepare Ground Lease and Restrictive Covenants
- Assistance with CON/Licensure Process
- Secure Financing: Debt and Equity
- Design and Document Investment Structure
- Identify Client/Hospital and Tenant Investors
- Identify Independent Equity Investors
- Negotiate Space Leases
- Secure Land
- Secure Municipal Approvals/Entitlements
- Site Engineering and Preparation
- Construction Drawings
- Contract Bid and Award
- Construction Management
- Close Construction and Equity Financing
- Cost and Schedule Management

PHASE III: Property Management

- Building Maintenance
- Site Maintenance
- Rent Collection
- Mortgage Administration
- Tenant Relations
- Tax, Accounting and Auditing Management
- Investor relations



FUNDING

Financing Your Projects and Leveraging Ownership

HealthSettings Network provides the professional expertise necessary to develop the project funding plan that will maximize economic benefits to the client. Experience has shown that the ultimate success or failure of a project can often be traced back to the degree to which operational and space planning has been thoroughly understood and synchronized with funding strategies. Thus, project financing must be rooted in the earliest foundations of a program's development if it is to support the client's objectives and deliver the maximum benefit at the lowest rent. HealthSettings offers an array of funding and ownership alternatives to its clients ranging from physician/tenant ownership participation in the facility to complete 3rd party ownership of the entire building. Following are some options:

- **Master Leasing**

If the client wishes to lease the entire facility on a long-term basis, HSN will create the appropriate ownership entity and arrange all financing, including construction and permanent financing, as well as the complementary investment (equity) funding.

- **Client Ownership**

If the client prefers to own the entire facility, HSN will still manage the overall development process, thus relieving the hospital staff of these additional responsibilities. HSN will assist in coordinating financing with the client's treasury staff in order to ensure proper review and monitoring of construction draws and will manage the subsequent conversion into permanent funding status. We can also orchestrate and arrange bonding of "Public/Private Partnerships".

- **Shared Ownership**

HSN encourages its clients (institutional, hospital or private physician) to share in the ownership of their facility by participating as an equity investor. HSN will create the appropriate entity (Limited Liability Company, for example) and orchestrate the raising of the necessary debt and equity funds for the entire project. Our staff and attorneys will ensure proper disclosure, and compliance with appropriate NASD private securities regulations.

- **Special Funding Option**

In these unsettled financial times, HealthSettings has available, both debt and equity funding to support not only our development projects, but also to be in a position to acquire very high-quality, fully leased ambulatory facilities that are presently owned by Hospitals and are reasonably new. The buildings are then master-leased back to the Hospital and private practices as operating leases. This results in the release of cash to the Hospital without the burden of a capital lease on their balance sheet. In these times of strained liquidity, this action can produce either working capital for needed staff and equipment, or it may open the door to the development of another planned, but delayed ambulatory facility that can also be developed off-balance sheet. The net result is increased cash and expanded ambulatory facilities with the resulting release of critical space in the Hospital proper.

Since HealthSettings manages all of the projects we develop, we have the infrastructure to collect rents, pay investors (monthly), audit each project separately, and carry out all of the functions necessary to administer the financial matters of our projects—each of which is firewalled from all other projects. Coupled with our collaboration with our Hospital-client's existing maintenance staff, we also manage the care of all of our properties around the country.



REPRESENTATIVE EXPERIENCE

A representative portfolio of our services and projects:

• Complete Development:

- **Mid Coast Hospital, Brunswick, Maine** - managed the development, space leasing, and funding of two medical office buildings (MOB); in 2001, a 75,000 square foot MOB that had to open simultaneously with its new replacement hospital to which it is attached. Additionally in 2001, coordinated a \$6.2M medical equipment leasing package. The second MOB of 44,700 square feet was completed spring of 2008, on time and within budget. HSN continues as property manager for both facilities.
- **Honolulu, Hawaii** - The twin, 40-story Na Kūpuna O Kakā Ako Continuing Care Retirement Community is being developed to meet the needs of an eager and highly receptive senior market in Honolulu. The project site is located adjacent to Waikiki, overlooking the Pacific Ocean in the heart of the city. HealthSettings Network Inc. has assisted the development manager throughout the six-year evolution of this very complex project, serving primarily as financing director and advisor for the overall development process, serving on the project's executive committee.
- **Multi-Speciality Ambulatory MOB, Rochester, New York** - developed a 25,000 square foot MOB housing Sports Medicine, Dermatology, Imaging, and MRI for the University of Rochester Academic Medical Center. This was the first privately owned satellite facility for the University and was one of the earliest projects for HealthSettings. We have since sold our interest.
- **Multi-Speciality MOB, Rochester, New York** - Twin MOB's housing the University of Rochester cardiac rehab and occupational medicine programs, plus an assortment of independent physicians, psychologists and dentists.

• Planning/Consulting:

- Evaluation and concept design of 40-acre land parcel in Las Vegas with initial, detailed focus on 110,000 square foot MOB.
- Conducted Feasibility Study for Seniors' Independent Living Complex on the campus of Rochester Institute of Technology. Served on advisory committee selecting final development team.
- Undertook medical campus Master Plan for a hospital system in New York's Hudson Valley.
- Undertook Business and Master Plan for large physician group relocation and enlargement in Mt. Kisco, New York.
- Created complete Design Master and Business Plans for a proposed 150,000 square foot Wellness Center in Rochester, New York.
- Business and Design Master Planning of 320,000 square foot Comprehensive Cancer Center for the University of Hawaii.
- Master Planning of 303-acre mixed-use development in San Francisco, including medical research and multi-use clinical facilities.



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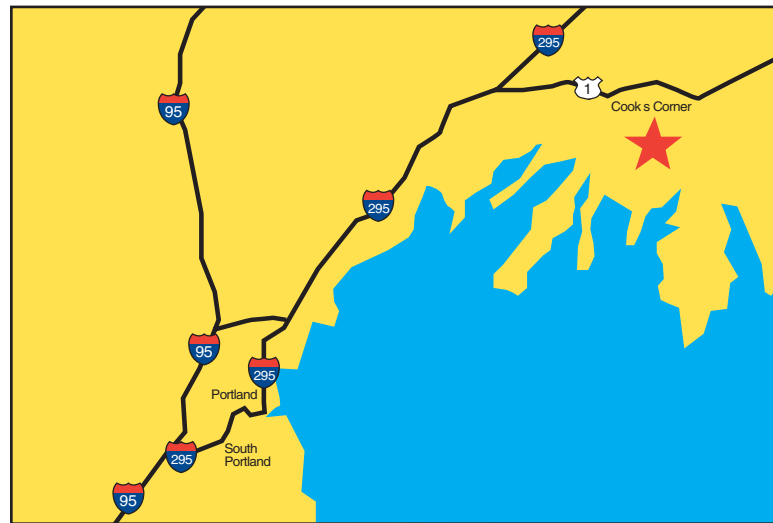
SAMPLE PROJECTS

Mid Coast Hospital Medical Office Buildings

Brunswick, Maine

HISTORICAL BACKGROUND

As a result of a merger of two community hospitals several years ago, Mid Coast Hospital was created from two separate facilities in Bath and Brunswick, Maine. In recent years, inpatient services were consolidated at the Brunswick campus on Baribeau Drive, while an outpatient health center was operated in Bath. During this same period, planning was ongoing for the construction of a new hospital to replace both older facilities.



A NEW CAMPUS

In 1997, the Board of Mid Coast Hospital voted to construct a new hospital on a 155 acre site at Cook's Corner, a section of Brunswick roughly midway between the two existing facilities. The new campus includes the replacement hospital, designed by Shepley Bulfinch Richardson and Abbott, and an attached 75,000 SF medical office building which was developed and financed by HealthSettings Network Inc and designed and constructed by Marshall Erdman & Associates. The new Hospital and attached MOB were completed in late 2001 and the MOB has been managed by HealthSettings since.

THE MASTER PLAN

An entry road leads into the site from Bath Road (old Route 1). Though the hospital and the medical office building have separate main entries, they are strongly linked internally by a circulation spine that spans the front of the hospital and crosses the medical office building, terminating at the medical office building's entrance.

MOB I MID COAST HOSPITAL'S SPACE LEASES (47,000 SF)

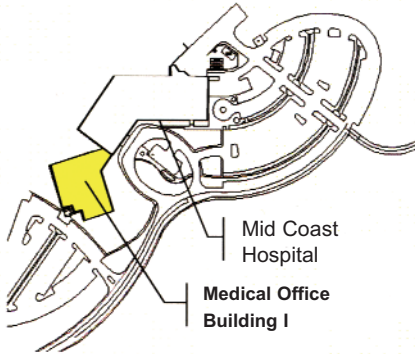
The hospital has located a number of business and administrative functions in the medical office building along with diagnostic and clinical services, as well as a cafe which provides food service for visitors to both the medical office building and the hospital.

PHYSICIAN AND ANCILLARY SPACE LEASES (28,000 SF)

The remainder of the medical office building is occupied by physicians and physician groups from Brunswick and surrounding communities.

SAMPLE PROJECTS

Mid Coast Hospital Medical Office Buildings Brunswick, Maine



MOB I (Continued 2001)

• Development Team

- HealthSettings Network Inc provided financing and other development services for the medical office and extended care facility. Arranged for the leasing of High-end medical equipment.

• Financing & Ownership

- HealthSettings Network Inc had overall responsibility for creating the ownership structure and for securing all of the funding for the project.

• Overall Structure

- A Limited Liability Company (LLC) was established to own and maintain the Medical Office Building. The Building is 100% leased.
- The LLC entered into a long-term ground lease.
- The Hospital and its Medical Group anchor the project by leasing approximately 60% of the facility. Most of these leases are 15 years.
- The remaining space is leased by physicians and ancillary tenants (pharmacy) from the local community for terms of 5 to 10 years. The final size of the building was cut off at 75,000 SF, though there were additional requests for space which was planned to be addressed in the future; there is no speculative undeveloped space.
- All leases include annual rent escalators.
- Both construction and permanent financing was provided by Gardiner Savings and other participating local lenders to complement the equity component. Closing of the funding occurred in July, 2000.

• Financial Highlights

- | | |
|--|--------------|
| • Approximate building size | 75,000 SF |
| • Total project budget | \$11,200,000 |
| • Debt to Equity Ratio | 80/20 |
| • Required period of fixed rate, non-recourse mortgage | 5 Years |
| • Amortization period | 30 Years |

CAMPUS UPDATES

• MOB II Development & MOB I Leasehold Improvements

- Owing to the overwhelming success of MOB I, including an ongoing 100% occupancy rate, Mid Coast Hospital engaged HealthSettings to develop a second MOB on the Brunswick campus. MOB II was completed in the spring of 2008. MOB II, approximately 44,700 square feet, contains a number of community and hospital medical practices that were "wait-listed" due to the unavailability of space at MOB I. In addition, certain MOB I occupants needing additional space have relocated to MOB II, thus allowing for the remodeling of existing space to accommodate the development of two additional operating rooms and other expanding programs in MOB I.



Na Kūpuna O Kaka'ako

A Planned Continuing Care Retirement Community CCRC – Case Study

The twin, high rise Na Kūpuna O Kaka'ako Continuing Care Retirement Community is being developed to meet the needs of a highly receptive and eager senior market in Hawaii. The project site is located adjacent to Waikiki, overlooking the Pacific Ocean in the heart of Honolulu. HealthSettings Network Inc has assisted the development manager throughout the six-year evolution of this very complex project, serving primarily as financing director and advisor of the overall development process.

HAWAII'S AGING POPULATION

According to the US Census Bureau, Hawaii's 85 and older population is experiencing the second fastest growth rate in the country. The Hawaii State Executive Office on Aging estimates that by the year 2020 the number of individuals 85 years of age and older will increase by nearly 400%, and one in every four Hawaii residents will be 60 years and older.

THE PROJECT

Na Kūpuna O Kaka'ako is an entry-fee, Continuing Care Retirement Community (CCRC), to be built as a double tower high-rise building on a fee simple, four acre site within the parcel outlined in yellow (see inset). It will offer one and two-bedroom Apartments, Assisted Living Apartments with dementia care units, and Skilled Nursing Beds, as well as a fitness center with heated, indoor pool, various dining venues, recreation activity and meeting rooms, and other amenities.

The project is tax-exempt, owned by Honolulu Neighborhood Housing Services, Inc., a local tax-exempt 501-c-3 corporation. Financing is expected to be by means of taxable, credit enhanced bonds, to be converted later to tax-exempt special purpose revenue bonds.



SAMPLE PROJECTS

Graham Murata Russell (GMR), the Development Manager, has extensive experience in the development and management of properties in Waikiki. Donald H. Graham, a Principal of GMR, served as development manager for the Arcadia CCRC, the first such senior residence in Hawaii. Mr. Graham also managed the development of the nearby Ala Moana Center, a shopping complex that proudly enjoys one of the highest retail sales volumes in the world. The Na Kūpuna O Kaka'ako CCRC will be managed by Executive Director, Astrid Jackson, who comes to this project with more than 15 years experience including various management positions at the Arcadia facility.

In support of the overall development, operations and financing of this complex project is an active Executive Committee comprised of notable individuals whose varied backgrounds and experience provide a broad base of managerial expertise. HealthSettings' CEO, David Schlosser has served on this Committee for over 6 years.

THE SITE

The Honolulu site is an ideal location for a retirement residence. It is within easy, safe, comfortable walking distance to the beach and park, to the Ala Moana Shopping Center, and to the hotels, restaurants and entertainment of Waikiki. Residents will be able to reach hospitals, medical offices, banks, office buildings and churches, as well as Honolulu Harbor, Pearl Harbor, the International Airport and Symphony Hall with ease.

PRIMARY MARKET AREA

12 mile radius from site
(see map)

Target Group:

- 75+ age group
- \$50,000+ income
- 17,577 households

Penetration Rate: 0.9%

Penetration rates represent the total market share percentage, which the project must capture to fill its units. Penetration rates below 2% are generally regarded as highly positive for a project of this nature; rates between 2% and 5% are generally viewed as neutral; and rates over 5% are considered more difficult (but not impossible to achieve).



Health & Wellness Centers

HEALTH & WELLNESS CENTER BY DOYLESTOWN HOSPITAL

In 1999, Lynne Miller (see page 7) and the Hospital's CFO began planning for the Health and Wellness Center. Construction began in 2000 and Lynne was responsible for staffing and operations of all Hospital services in this multi-use 135,000 SF facility as well as all the building management and operations. It was filled to capacity at the opening and has become a destination for Doylestown's elderly, young families, recovering patients as well as many healthy, athletic Doylestown residents who use the facility's ambulatory surgery center, state-of-the-art exercise equipment, pools and other facilities in the complex. Lynne Miller was Chief Administrative Officer until she was recruited in 2006 to begin again at another site in Hazleton, PA.

HAZELTON HEALTH AND WELLNESS CENTER BY GREATER HAZELTON HEALTH ALLIANCE

Once at the Hazleton Health and Wellness Center, Lynne again was responsible for overall development and operation of this 72,000 SF, multi-use wellness complex that opened in May, 2007. Already, this site serves more than 150,000 persons throughout the greater Hazleton area. This Wellness Center also includes fitness and an aquatics center, medical testing and rehabilitation services, ambulatory surgery, and multiple physician offices.

With Ms. Miller's expertise behind us, HealthSettings Network has undertaken a number of Wellness Center planning engagements. We are pleased that, with her full "Network" affiliation in our Company, HealthSettings is actively marketing the complete range of Wellness Center development services, including full, third party ownership, on-going staff recruitment and training, as well as facility administrative and property management.



Mission Bay

MISSION BAY, SAN FRANCISCO, CALIFORNIA

HealthSettings Network assisted in the Business and Master Planning with a major west coast developer; Catellus Development Corporation, evaluating the feasibility of developing a number of healthcare facilities to be located within a planned 5 million square foot multi-use project in downtown San Francisco.



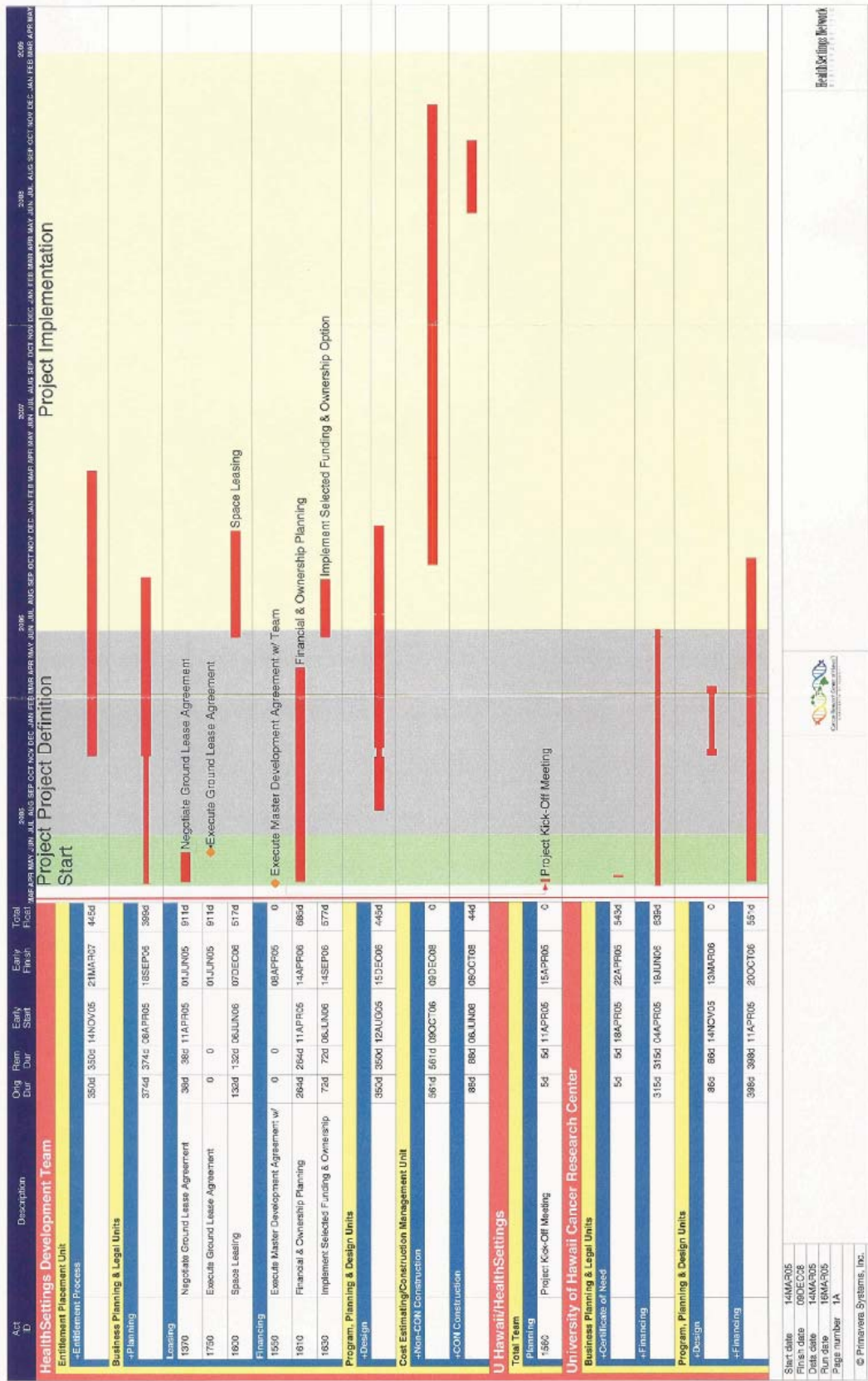
Comprehensive Cancer Research Center, University of Hawaii

A development team led by HealthSettings was invited by the University of Hawaii during 2006-07 to study and produce a master plan for a 320,000 SF clinical and comprehensive research cancer center in downtown Honolulu. The HealthSettings' Development Team included Cannon Design, Stroudwater Associates, and GE Healthcare Finance, along with a construction company from Japan, a prominent local architectural firm, and several other professional firms that were also needed in evaluating this significant complex of facilities.

World events have delayed this project, but it is hoped that development will be reengaged in the near future. It will be a beacon, serving both patients and scientists throughout the entire Pacific area and beyond.



Sample Master Planning Timeline – Cancer Research Center of Hawaii



Start date 14MAY05
 Finish date 09DEC08
 Data date 14MAY05
 Run date 18MAY05
 Page number 1A
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Health Services Network

Key Personnel

David G. Schlosser, President & CEO

David G. Schlosser began his business career as Manager of Business Planning for an industrial division of the General Electric Company. Among his responsibilities were the financial planning, funding and on-going construction oversight of over \$100 million of office, laboratory, and complex manufacturing buildings for the Company.

During the early 1970's, Mr. Schlosser was responsible for real estate development for the Xerox Corporation where his group planned, funded, and developed over two million sf of technical lab, manufacturing, and administrative facilities around the world. Among these facilities was the Xerox Training & Conference Center in Leesburg, Virginia, a \$450 million, one million sf complex that has been sold and is now the National Conference Center. Many of the corporation's other facilities were in Japan and other Asian countries.

Mr. Schlosser became VP-Finance & Chief of Staff for Chemical Bank's Holding Company in the late 1970's. Schlosser financed many of Xerox's development programs with Chemical, which has since merged into JP Morgan Chase. The Bank's Holding Company was charged with responsibility for creating a branch system throughout New York and surrounding states when the banking regulations were put in place in the mid-1970's to allow for this expansion by the major Money Center banks. Mr. Schlosser's division again planned, funded and executed development of the NY State branch system, including administrative offices as well as complex operations facilities in each metropolitan center.

In the early 1980's, Mr. Schlosser started and ran a successful venture capital company concentrating on the funding of early-stage medical technology and pharmaceutical research and development companies. In this capacity, he was instrumental in arranging the funding and development of Rochester's first major technology incubator, a combined private/public undertaking that included State Industrial Development funds along with financial support from Kodak, Xerox, Bausch & Lomb and a number of individual investors.

Since its founding in 1996, HealthSettings Network Inc has planned, funded, developed and manages specialty medical facilities, multi-tenant medical buildings, ambulatory surgery and imaging centers, and laboratory facilities. HealthSettings derives its sole income from the development and management of health care facilities.

Mr. Schlosser received his Bachelor's degree (cum Laude) from the University of Pennsylvania with a double major: in finance from The Wharton School and in Comparative Literature from the College. He graduated from GE's 3-year post-graduate corporate finance program with the class's sole Certificate of Outstanding Achievement. He was a Naval Aviator with Heavy Attack Squadron NINE, serving aboard the USS Saratoga.

Key Personnel

Allison J. Leet, VP Business Development & CFO

Allison began her business career in the early eighties with the former Rochester Products Division of General Motors (now Delphi Automotive Systems). During her 14 years with General Motors, Allison progressed rapidly through various accounting, finance and manufacturing management positions, each with an increased level of complexity and responsibility to the organization. She was the business planner for the Valve Train product line supporting new product development and assisted that team in all aspects of financial business planning for over \$150M investment for the Roller Bearing Valve Lifter product line produced in Grand Rapids, Michigan. In her role as Manufacturing/Quality General Supervisor in Rochester, NY she had full responsibility for product quality and delivery for over \$100M of annual fuel system sales with 12 salaried managers and 300 hourly employees across three shifts. During her career with GM, Allison was selected to be a Loaned Executive for the 1991 United Way Campaign serving Ontario County and was a Salaried member of the 1993 Local 1097 contract negotiating team. In the early 1990's, while at GM, Allison also worked on part-time consulting projects for small businesses through JP Associates, working with many different businesses. Most of these projects involved preparing the financial sections of business plans that would enable the clients to secure financing.

In 1995, Allison joined Corsair Display Systems, Inc. in Canandaigua, NY as General Manager. Corsair designs and manufactures custom food service and merchandise products for stadiums and arenas. Corsair grew profitably from less than \$1M in Revenues to over \$8M in 6 years. In 2000, Allison was promoted to the position of CFO/Executive Vice President. In 2004, Corsair merged with the Vollrath Company, LLC of Sheboygan, WI. This merger was an excellent fit for Corsair, providing additional distribution and sales opportunities as well as meeting the financial goals of the original owners.

Allison launched a successful small business consulting practice and ran it for three years until joining HealthSettings Network, Inc as an officer in 2008. As the Vice President of Business Development, she has responsibilities for the controllership duties for the company as well as functioning as a lead project manager and business planner for specific projects handling communication at all levels with clients, the development team and the internal staff for optimal project results. Allison heads the Property Management Division.

A native of Rochester, NY, Allison earned an Associate's of Arts, majoring in Liberal Arts, from Cazenovia College, a Cum Laude Bachelor's of Science degree from Nazareth College, majoring in Management Science with an Accounting concentration and a Master's Degree of Business Administration in Finance from Rochester Institute of Technology. Being of service to the community is a passion of Allison's, she was the first woman to serve on the Board of the Revolving Loan Fund for the Ontario County Economic Development Office from 1997 through 2006. In this capacity, she reviewed hundreds of business plans for possible county loans. From 1998 through 2007, Allison served on the Board of the United Way of Ontario County, serving as its treasurer for the last three years. Currently, Allison serves as National Board Member, Advocacy & Outreach Chair for FRUA (Families of Russian and Ukrainian Adoption) and supports the local board of Adopt-a-Stream, Delta Laboratories, Inc.

Key Personnel

Paul Gardner, Project Manager

Paul Gardner is a lead project manager with nearly 20 years experience in construction projects that have included residential repair, remodeling and homebuilding, historical restoration, commercial renovation, and a new senior living community. His responsibilities included the management, coordination and control of all preconstruction, construction and post construction scheduling, budgeting, design, purchasing, architect, owner and municipal relations, scope development, and the overall owner expectations.

Mr. Gardner was a project manager for Lecesse Construction Company, where he successfully completed approximately \$80 million dollars of residential and commercial projects. Some of his notable projects included Cherry Ridge Senior Living Community for St Ann's Community in Webster, New York; the New York Wine and Culinary Center in Canandaigua, New York; the renovation and restoration of the Button Factory in Rochester, New York; the renovation and conversion of an abandoned YMCA into affordable apartments in Geneva, New York; and the remodeling of two campus dormitory buildings located at Hobart and William Smith Colleges in Geneva. Prior to his position at Lecesse Construction Company, Mr. Gardner was president of The Archer Group, an environmentally friendly homebuilder. He built the first NY-STAR home, the first U.S. home to install Carrier's new ERV, and three Homearama "Green Healthy" model homes. Mr. Gardner was a guest speaker at Carrier's national press conference on "Green Home Building." Mr. Gardner was also the founder and president of the Eco-Learning Center, a sustainable building and living resource center. Mr. Gardner will be LEED certified by mid-2009.

Recent Projects:

Mid Coast Hospital, Brunswick, ME – New medical office building construction, and operating and surgical room renovations (118,000 sq. ft.) – Budget \$15M

Harvest Hill Golf Course and Clubhouse, Orchard Park, NY – Budget \$5M

Dr. Rosen Dental Office Renovations, Rochester, NY

Fruit & Salad Co. Restaurant, Bushnell's Basin, Pittsford, NY

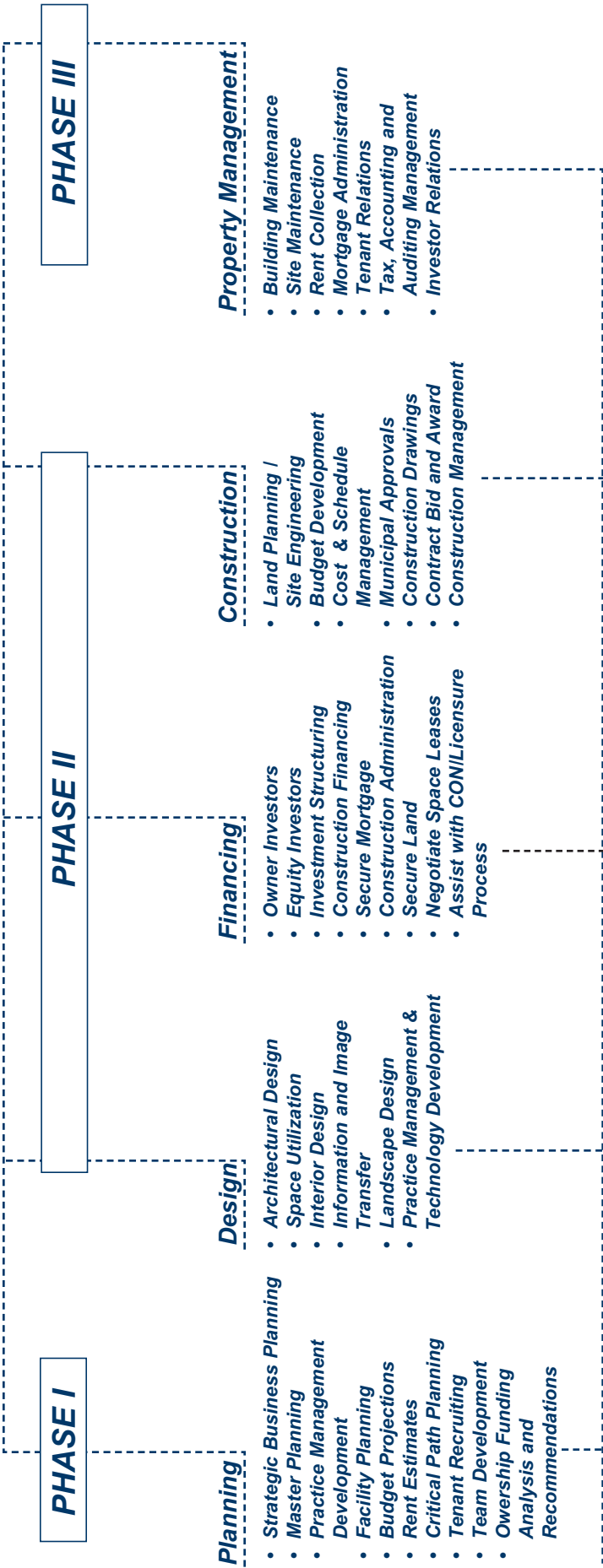
Pine Island Professional Building, Ft. Myers, FL – Developer for medical office including all design, approvals, and preconstruction (60,000 sq. ft.) – Budget \$15M

Button Factory, Rochester, NY – Renovation and restoration for seven stories of offices and restaurants (100,000 sq. ft.) – Budget \$4M

Citibank – Renovations and improvements at various branch locations

Education: Mr. Gardner received his Associate degree from Monroe Community College, and his Bachelor degree from Nazareth College. He is working on completing his Masters degree from the State University of New York College at Brockport.

If you're a medical professional with a vision for your new health care facility you can continue to practice while you take on these additional tasks



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