

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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**IF THIS FILING RELATES TO A SINGLE BOND ISSUE:**

Provide name of bond issue exactly as it appears on the cover of the Official Statement  
(please include name of state where issuer is located):

\$23,150,000

City of Iron River Hospital Finance Authority (Michigan)

Hospital Revenue and Refunding Bonds, Series 2008

Iron County Community Hospitals, Inc.

Provide nine-digit CUSIP\* numbers if available, to which the information relates:

463003AA1

463003AL7

463003AT0

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**IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:**

Issuer's Name (please include name of state where Issuer is located): \_\_\_\_\_

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s), if available, of Issuer: \_\_\_\_\_

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

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**TYPE OF FILING:**

Electronic (number of pages attached) 9  Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: [www.firstriver.com](http://www.firstriver.com)

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**WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**

A.  Annual Financial Information and Operating Data pursuant to Rule 15c2-12  
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: \_\_\_\_\_

B.  Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: \_\_\_\_\_

C.  Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies                                 | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security   |
| 2. <input type="checkbox"/> Non-payment related defaults   | 7. <input type="checkbox"/> Modifications to the rights of security holders                                  |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls   |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties   | 9. <input type="checkbox"/> Defeasances  |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform   | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
|  | 11. <input type="checkbox"/> Rating changes  |

D.  Notice of Failure to Provide Annual Financial Information as Required

E.  Quarterly or Monthly Financial Information and Operating Data  
(Financial information and operating data should not be filed with the MSRB.)

Period Covered: \_\_\_\_\_ July – September 2011 (FY2011Q3) \_\_\_\_\_

F.  Other Secondary Market Information (Specify): \_\_\_\_\_

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

**Issuer Contact:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Email Address \_\_\_\_\_ Issuer Web Site Address \_\_\_\_\_

**Dissemination Agent Contact, if any:**

Name \_\_\_\_\_ Shelley J. Aronson \_\_\_\_\_ Title \_\_\_\_\_ President \_\_\_\_\_  
Employer \_\_\_\_\_ First River Advisory L.L.C. \_\_\_\_\_  
Address \_\_\_\_\_ 2640 Override Drive \_\_\_\_\_ City \_\_\_\_\_ Ann Arbor \_\_\_\_\_ State \_\_\_\_\_ MI \_\_\_\_\_ Zip Code \_\_\_\_\_ 48104 \_\_\_\_\_  
Telephone \_\_\_\_\_ (734) 761-3624 \_\_\_\_\_ Fax \_\_\_\_\_ (734) 761-3614 \_\_\_\_\_  
Email Address \_\_\_\_\_ [aronson@firstriver.com](mailto:aronson@firstriver.com) \_\_\_\_\_ Relationship to Issuer \_\_\_\_\_ Dissemination Agent \_\_\_\_\_

**Obligor Contact, if any:**

Name \_\_\_\_\_ Glenn E. Dobson \_\_\_\_\_ Title \_\_\_\_\_ Chief Financial Officer \_\_\_\_\_  
Employer \_\_\_\_\_ NORTHSTAR Health System \_\_\_\_\_  
Address \_\_\_\_\_ 1400 West Ice Lake Road \_\_\_\_\_ City \_\_\_\_\_ Iron River \_\_\_\_\_ State \_\_\_\_\_ MI \_\_\_\_\_ Zip Code \_\_\_\_\_ 49935 \_\_\_\_\_  
Telephone \_\_\_\_\_ (906) 265-0436 \_\_\_\_\_ Fax \_\_\_\_\_ (906) 265-3098 \_\_\_\_\_  
Email Address \_\_\_\_\_ [gdobson@northstarhs.org](mailto:gdobson@northstarhs.org) \_\_\_\_\_ Obligor Web Site Address \_\_\_\_\_ [www.northstarhs.org](http://www.northstarhs.org) \_\_\_\_\_

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

**NORTHSTAR HEALTH SYSTEM**  
**1400 WEST ICE LAKE ROAD**  
**IRON RIVER, MI 49935**

**OFFICER'S CERTIFICATE**

**DATED: OCTOBER 31, 2011**

This Officer's Certificate is delivered pursuant to Section 5.10(d)(iii) of the Loan Agreement between NORTHSTAR Health System (f/k/a Iron County Community Hospitals, Inc.) (the Corporation) and the City of Iron River Hospital Finance Authority (the Issuer), dated as of June 1, 2008. All capitalized terms used herein are as defined in the Loan Agreement, in the Trust Indenture between the Issuer and Wells Fargo Bank, N.A., as Bond Trustee, dated as of June 1, 2008, or in the Master Indenture and Security Agreement between the Corporation and Wells Fargo Bank, N.A., as Master Trustee, dated as of June 1, 2008.

As required by Section 5.10(c) of the Loan Agreement, attached is the Quarterly Report referenced therein. The Quarterly Report contains internally-prepared quarterly financial statements for the Fiscal Year (FY) quarter ended September 30, 2011, including a balance sheet as of the end of such quarter, statements of operations and changes in Net Assets for such quarter on a cumulative FY-to-date basis as required by Section 5.10(d)(i) of the Loan Agreement, volume and utilization data for such quarter on a cumulative FY-to-date basis as required by Section 5.10(d)(ii) of the Loan Agreement, and management's comments on financial condition and other matters as required by Section 5.10(d)(iv) of the Loan Agreement.

As required by Section 5.10(d)(iii) of the Loan Agreement, the undersigned certifies that:

1. I am the Chief Financial Officer of the Corporation and duly authorized to deliver this Officer's Certificate;
2. the Quarterly Financial Statements have been prepared on substantially the same accounting basis as the Corporation's audited financial statements for its Most Recent Fiscal Year;
3. the Quarterly Financial Statements are, to the best of my belief, true and correct, but may be subject to audit and Fiscal Year-end adjustments;
4. the Obligated Group is not required to measure compliance with the Liquidity Covenant specified in Section 501(c) of the Master Indenture with respect to this quarter; and
5. except for Events of Default relating to non-compliance with certain financial covenants and reporting requirements applicable to FY2010 and with the Liquidity Covenant as of June 30, 2011 which have already been disclosed and for which waivers have been requested, no Event of Default has occurred and/or is continuing.

In addition, pursuant to Section 5.10(d)(iv) of the Loan Agreement, management offers the following comments on the Obligated Group's financial condition and other matters. These comments should be should be read in conjunction with the comments set forth in the most recent Officer's Certificate which related to FY2011Q2 and in an Announcement containing management's comments dated October 7, 2011.

- A. During August 2011, the Corporation recorded its greatest monthly gross revenue ever, exceeding its budget by nearly 25 percent. Excess of revenue over expenses for the month was over \$330,000.
- B. The Obligated Group continues to exhibit better financial performance during FY2011 than during FY2010, and consistent with that demonstrated by the FY2011Q2 financial statements previously disclosed. Profitability and most patient service volumes for FY2011M08 exceed budget and the comparable period of FY2010.
- C. Preliminary October 2011 data indicate gross revenue of approximately \$5.2 million, similar to September.
- D. Presented below is the Obligated Group's Debt Service Coverage Ratio (DSCR) calculated as a ratio of Net Income Available for Debt Service (NIADS) for the three quarters ended September 30, 2011 to 75 percent of Maximum Annual Debt Service (MADS).

<b><i>Debt Service Coverage Ratio Calculation for FY2011Q3 For information only; not for compliance purposes (\$000s omitted, except for Debt Service Coverage Ratio)</i></b>		
Excess (Deficit) of Revenues over Expenses		(36)
Plus:	Interest	1,071
Plus:	Depreciation and Amortization	1,336
	(Gains) losses on disposal of Capital Assets	0
Net Income Available for Debt Service		NIADS 2,370
75% of Maximum Annual Debt Service Requirements		MADS 1,304
Debt Service Coverage Ratio		NIADS / MADS 1.82

On October 11, 2011, First River Advisory, the Obligated Group's Financial Advisory, sent a letter on behalf of the Obligated Group to certain Beneficial Owners of the Series 2008 Bonds requesting a waiver with respect to an Event of Default and certain covenant non-compliance (the Waiver Request). The Waiver Request included a revision to the DSCR covenant to reflect quarterly measurements beginning with the two quarters ended June 30, 2011, with the measurements for that period and for the three quarters ended September 30, 2011 calculated in a manner consistent with that presented above. The Obligated

Group would be in compliance with this amended DSCR covenant with respect to both the June 30, 2011 and the September 30, 2011 measurement dates if the Waiver Request were to be granted.

- E. The Obligated Group has increased its Days Cash on Hand (DCOH) significantly during the first three quarters of FY2011, as demonstrated in the following table.


<p style="text-align: center;"><b>Days Cash on Hand Calculation</b>  <b>at September 30, 2011</b>  <b><i>For information only; not for compliance purposes</i></b>  <b><i>(FY2010 Daily Operating Expenses is calculated</i></b>  <b><i>from figures in draft audited financial statements)</i></b>  <b>Calculated in a Manner Consistent with Section 501(c) of the Master Indenture</b>  <b><i>(\$000s omitted, except for Days Cash on Hand)</i></b></p>					
		<i>Minus</i>		<i>Plus</i>	
		<i>FY2010</i>		<i>FY2011</i>	
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Community Health personnel may be delayed beyond the original estimate of autumn 2011 due to staffing reductions.

- H. One of the Corporation's two employed general surgeons has submitted his resignation, effective in October 2011. The Corporation is negotiating permanent, though part-time coverage arrangements with an independent group of four general surgeons who are based in Iron Mountain, and with a female general surgeon who subspecializes in women's health issues. This female surgeon is based in Appleton, Wisconsin, but maintains a second home in the Hospital's Market Area. The Corporation has accelerated its activities to recruit a full-time general surgeon to replace the other employed general surgeon who is nearing retirement.
- I. The Corporation has engaged a third orthopaedic surgeon who is expected to commence practice in November 2011.

First River Advisory, the Obligated Group's Financial Advisor, has scheduled a conference call with the Master Trustee and the Beneficial Owners of the Series 2008 Bonds to discuss the content of this Disclosure Report and the Waiver Request. Access instructions have been provided to such invitees.

NORTHSTAR Health System  
(f/k/a Iron County Community Hospitals, Inc.)  
for itself and as Obligated Group Agent on behalf of the Obligated Group



By: Glenn E. Dobson, Vice President and Chief Financial Officer

# NORTHSTAR HEALTH SYSTEM

## FINANCIAL AND STATISTICAL REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (FY2011Q3)

### SERVICE VOLUMES AND UTILIZATION

<i>Historical Inpatient Utilization</i>								
	<i>Nine Months Ended Sept. 30</i>			<i>Fiscal Years Ended December 31</i>				
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>				
Days in Period	273	273	273	365	365	366	365	365
Licensed Beds	25	25	25	25	25	25	25	25
Admissions	696	629	622	836	932	977	1,075	1,084
Patient Days	2,499	2,419	2,384	3,304	3,443	3,507	3,763	3,768
Average Daily Census	9.2		8.7	9.1	9.4	9.6	10.3	10.3
Average Length of Stay	3.6		3.8	4.0	3.7	3.6	3.5	3.5
Occupancy Rate (%)	36.6		34.9	36.2	37.7	38.3	41.2	41.3
Observation Bed Admissions	464	404	401	527	395	282	221	168
Observation Bed Patient Days	778	650	653	846	603	404	316	226
Swing Bed Admissions	72	52	52	84	73	69	68	70
Swing Bed Patient Days	293	301	307	466	394	580	386	420
Respite Care Admissions	10	14	14	22	18	22	19	31
Respite Care Patient Days	15	26	23	40	38	65	30	66

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<i>Historical Outpatient Services Volumes</i>								
	<i>Nine Months Ended Sept. 30</i>			<i>Fiscal Years Ended December 31</i>				
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>				
Emergency Department procedures	6,995	6,956	6,871	9,239	9,395	8,696	8,728	8,690
Outpatient visits	48,161	49,456	48,017	64,204	44,179	43,913	44,743	42,755
Outpatient Department procedures	3,437	3,217	3,376	4,518	3,896	5,650	7,248	5,911
Hemodialysis treatments	2,255	2,101	2,139	2,920	2,302	2,107	2,464	2,578
Diabetic education procedures	1,308	1,085	1,091	1,537	1,150	851	1,009	739
Home Care visits	5,009	4,337	4,206	5,752	5,988	6,594	6,283	5,257
EMS runs	1,179	1,047	1,072	1,444	1,437	1,332	1,144	936
Employed practitioner charges	18,856	17,424	15,932	25,211	19,238	18,079	19,022	17,025

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<i>Historical Ancillary Services Volumes (measured in Procedures)</i>								
	<i>Nine Months Ended Sept. 30</i>			<i>Fiscal Years Ended December 31</i>				
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>				
Surgeries	729	824	734	1,002	817	734	924	969
Laboratory – IR	81,547	82,087	78,364	104,748	92,229	82,622	83,845	81,846
Laboratory – CF	19,502	18,849	18,813	25,219	35,623	42,666	42,926	37,765
Radiology – IR	7,582	7,758	6,750	10,263	10,126	9,798	10,037	10,445
Radiology – Genesee	926	674	652					
Radiology – Marenisco	168	103	98					
Radiology – CF	1,471	1,313	1,298	1,726	1,749	1,770	2,019	1,807
MRI	459	475	446	601	632	555	565	509
CT scanning	1,983	2,184	2,060	2,743	2,672	3,154	2,944	3,450
Ultrasound	1,420	1,346	1,329	1,734	1,671	1,776	1,411	1,517
Nuclear medicine	226	239	226	294	660	634	625	841
Electrocardiograms – IR	4,414	4,024	4,029	5,281	5,036	4,334	4,050	4,295
Electrocardiograms – CF	428	411	395	510	503	418	400	417
Echocardiograms <sup>1</sup>	396	295	458	542	1,127	1,130	1,025	1,343
Electroencephalograms and Electromyograms <sup>2</sup>	15	4	7	11	32	32	272	306
Rehabilitation Services – IR	10,568	9,436	9,686	12,969	12,182	12,485	10,366	12,238
Rehabilitation Services – CF	4,719	4,750	4,327	5,851	7,030	6,986	6,374	6,978
Occupational therapy	2,153	1,698	1,897	2,470	1,336	1,214	1,110	1,270
Respiratory therapy	48,832	47,649	47,546	67,502	61,618	62,070	64,687	62,604
Cardiac rehabilitation	309	650	609	726	856	527	210	262

IR = at the Hospital Facility in Iron River, CF = at the CFFHC in Crystal Falls  
<sup>1</sup> Counting methodology during FY2010  
<sup>2</sup> Electroencephalograms were curtailed and Electromyograms were discontinued during FY2008

**FINANCIAL INFORMATION**

<i>Balance Sheet Summaries</i> <i>(\$000s omitted)</i>						
	<i>At Sept. 30</i>	<i>Fiscal Years Ended December 31</i>				
	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>Unaudited</i>		<i>Audited</i>			
Cash and Cash Equivalents <sup>1</sup>	1,266	296	646	1,824	1,998	1,436
Net Patient Accounts Receivable	4,359	5,175	3,975	3,389	3,730	3,459
Other Current Assets <sup>2</sup>	<u>2,910</u>	<u>2,290</u>	<u>4,242</u>	<u>3,699</u>	<u>709</u>	<u>1,231</u>
Total Current Assets	8,535	7,760	8,862	8,912	6,437	6,126
Investments <sup>1</sup>	3,065	3,382	3,962	3,510	4,631	4,492
Net Property and Equipment	21,738	22,713	23,392	16,155	9,867	9,824
Other Non-Current Assets <sup>2</sup>	<u>2,448</u>	<u>2,119</u>	<u>2,889</u>	<u>11,963</u>	<u>1,384</u>	<u>208</u>
Total Assets	35,786	35,974	39,106	40,540	22,319	20,651
Current Liabilities <sup>2</sup>	4,543	4,349	5,374	5,675	2,781	3,288
Long-Term Debt, net of Current Portion <sup>2</sup>	22,228	22,444	22,289	22,627	5,525	5,739
Other Non-Current Liabilities	0	0	462	0	0	0
Unrestricted Net Assets	<u>9,015</u>	<u>9,181</u>	<u>10,982</u>	<u>12,238</u>	<u>14,012</u>	<u>11,623</u>
Total Liabilities and Net Assets	35,786	35,974	39,106	40,540	22,319	20,651

<sup>1</sup> Used in "Days' Cash on Hand," "Pro Forma Cushion Ratio" and "Unrestricted Cash / Pro Forma Debt" calculations  
<sup>2</sup> FY2008 figures reflect certain reclassifications reflected on the FY2009 audited financial statements which had an immaterial net effect  
 Note: some figures might not add precisely due to rounding

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**Disclosure Report for the Quarter Ended September 30, 2011**  
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<i>Summaries of Statements of Operations</i> ( <i>\$000s omitted</i> )								
	<i>Nine Months Ended Sept. 30</i>			<i>Fiscal Years Ended December 31</i>				
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>Unaudited</i>			<i>Audited</i>				
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>				
Gross Patient Service Revenue	45,567	40,320	38,756					
Contractual Allowances	(18,436)	(14,459)	(14,211)					
Net Patient Service Revenue <sup>1</sup>	27,131	25,861	24,545	33,632	31,360	27,348	27,764	26,480
Other Revenue <sup>1</sup>	<u>722</u>	<u>252</u>	<u>635</u>	<u>852</u>	<u>317</u>	<u>222</u>	<u>207</u>	<u>226</u>
Total Revenue	27,853	26,112	25,180	34,484	31,677	27,570	27,971	26,706
Depreciation and Amortization Exp.	1,336	1,404	1,377	1,832	1,547	1,120	1,052	952
Interest Expense	1,071	1,087	1,104	1,465	710	398	319	337
Bad Debt Expense	1,586	1,334	1,087	2,057	1,229	1,579	1,428	1,305
Other Operating Expenses	<u>24,066</u>	<u>23,083</u>	<u>22,650</u>	<u>31,739</u>	<u>29,302</u>	<u>25,371</u>	<u>24,271</u>	<u>23,135</u>
Total Operating Expenses	28,059	26,907	26,217	37,092	32,789	28,468	27,070	25,729
Income (Loss) from Operations	(205)	(795)	(1,038)	(2,609)	(1,112)	(898)	901	977
Net Nonoperating Revenue	<u>169</u>	<u>195</u>	<u>275</u>	<u>327</u>	<u>326</u>	<u>150</u>	<u>499</u>	<u>380</u>
Excess (Deficit) of Revenue / Exps.	<u>(36)</u>	<u>(601)</u>	<u>(763)</u>	<u>(2,282)</u>	<u>(786)</u>	<u>(748)</u>	<u>1,400</u>	<u>1,358</u>
Net Income Available for Debt Service (EBIDA) <sup>2</sup>				1,015	1,474	893	2,771	2,657

FY2008 figures reflect certain reclassifications reflected on the FY2009 audited financial statements, the net effect of which did not change the Total Revenue figure

<sup>1</sup> Equal to Excess (Deficit) of Revenue over Expenses + Depreciation Expense + Interest Expense + certain adjustments to Net Nonoperating Revenue permitted by the Master Indenture