

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

.17-042

by FedEx

August 22, 2017

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RECEIVED

AUG 23 2017

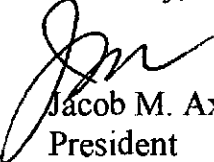
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Dear Courtney:

Enclosed please find two copies of a Certificate of Need application addressing the establishment of a medical clinics building (Phase II) on the campus of Memorial Hospital-East in Shiloh, Illinois. Also enclosed is a check, in the amount of \$2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,



Jacob M. Axel
President

enclosures

17-042

ORIGINAL

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

AUG 23 2017

Facility/Project Identification

Facility Name:	Memorial Hospital-East Medical Clinics Building-Phase II		
Street Address:	please see legal description provided		
City and Zip Code:	Shiloh, IL 62229		
County:	St. Clair	Health Service Area:	XI Health Planning Area: F-01

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Memorial Regional Health Services, Inc.
Street Address:	4500 Memorial Drive
City and Zip Code:	Belleville, IL 62226
Name of Registered Agent:	Illinois Corporation Service Company
Registered Agent Street Address:	801 Adlai Stevenson Drive
Registered Agent City and Zip Code:	Springfield, IL 62703
Name of Chief Executive Officer:	Mark J. Turner
CEO Street Address:	4500 Memorial Drive
CEO City and Zip Code:	Belleville, IL 62226
CEO Telephone Number:	618/257-5642

Type of Ownership of Applicants

- | | | |
|--|--|--------------------------------|
| ☒ Non-profit Corporation | ☐ Partnership | |
| ☐ For-profit Corporation | ☐ Governmental | |
| ☐ Limited Liability Company | ☐ Sole Proprietorship | ☐ Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

/

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility/Project Identification

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Street Address:	please see legal description provided		
City and Zip Code:	Shiloh, IL 62229		
County:	St. Clair	Health Service Area:	XI
		Health Planning Area:	F-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Memorial Group, Inc.
Street Address:	4500 Memorial Drive
City and Zip Code:	Belleville, IL 62226
Name of Registered Agent:	Illinois Corporation Service Company
Registered Agent Street Address:	801 Adlai Stevenson Drive
Registered Agent City and Zip Code:	Springfield, IL 62703
Name of Chief Executive Officer:	Mark J. Turner
CEO Street Address:	4500 Memorial Drive
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CEO Telephone Number:	618/257-5642

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	☐ Other

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Telephone Number:	847/776-7101
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Fax Number:	847/776-7004

**MILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility/Project Identification

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Street Address:	please see legal description provided		
City and Zip Code:	Shiloh, IL 62229		
County:	St. Clair	Health Service Area:	XI Health Planning Area: F-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Metro East Services, Inc.
Street Address:	4500 Memorial Drive
City and Zip Code:	Belleville, IL 62226
Name of Registered Agent:	Illinois Corporation Service Company
Registered Agent Street Address:	801 Adlai Stevenson Drive
Registered Agent City and Zip Code:	Springfield, IL 62703
Name of Chief Executive Officer:	Mark J. Turner
CEO Street Address:	4500 Memorial Drive
CEO City and Zip Code:	Belleville, IL 62226
CEO Telephone Number:	618/257-5642

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☒ Non-profit Corporation	☐ Partnership
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E-mail Address:	jacobmaxel@msn.com
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**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility/Project Identification

Facility Name:	Memorial Hospital-East Medical Clinics Building-Phase II		
Street Address:	please see legal description provided		
City and Zip Code:	Shiloh, IL 62229		
County:	St. Clair	Health Service Area:	XI Health Planning Area: F-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	BJC Health System d/b/a BJC Healthcare
Street Address:	4901 Forest park Avenue Suite 1200
City and Zip Code:	St. Louis, MO 63108
Name of Registered Agent:	CSC-Lawyers Incorporating Service Company
Registered Agent Street Address:	221 Bolivar Street
Registered Agent City and Zip Code:	Jefferson City, MO 65101
Name of Chief Executive Officer:	Steven H. Lipstein
CEO Street Address:	4901 Forest Park Avenue Suite 1200
CEO City and Zip Code:	St. Louis, MO 63108
CEO Telephone Number:	314/286-2030

Type of Ownership of Applicants

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☐ For-profit Corporation	☐ Governmental
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- o Corporations and limited liability companies must provide an Illinois certificate of good standing. - o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.	
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Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

Additional Contact [Person who is also authorized to discuss the application for permit]

Name:	Mark J. Turner
Title:	President
Company Name:	Memorial Regional Health Services, Inc.
Address:	4500 Memorial Drive Belleville, IL 62226
Telephone Number:	618/257-5642
E-mail Address:	mturner@memhosp.com
Fax Number:	618/257-5658

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

Name:	Ruth Holmes
Title:	Administrator
Company Name:	Memorial Hospital-East
Address:	1404 Cross Street Shiloh, IL 62269
Telephone Number:	618/607-3210
E-mail Address:	rholmes@memhosp.com
Fax Number:	618/607-1010

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Metro-East Services, Inc.
Address of Site Owner:	4500 Memorial Drive Belleville, IL 62226
Street Address or Legal Description of the Site: please see legal description attached Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT 2 , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name:	Metro East Services, Inc. d/b/a Memorial Hospital-East		
Address:	4500 Memorial Drive Belleville, IL 62226		
☒ Non-profit Corporation	☐ Partnership		
☐ For-profit Corporation	☐ Governmental		
☐ Limited Liability Company	☐ Sole Proprietorship	☐ Other	
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT 3 , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS **ATTACHMENT 4**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

☒ Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The applicants propose to construct an addition/second phase to the Medical Clinics Building ("MCB") currently under construction on the campus of Memorial Hospital-East in Shiloh, Illinois. The MCB will provide office space for local physicians wishing to maintain offices on the Memorial-East campus.

The proposed project does not involve the establishment of any IDPH-categories of service, but requires a Certificate of Need Permit as a result of the project's cost. Services to be provided as a result of this project will be outpatient, and therefore, the project is classified as "non-substantive".

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	Total
Project Cost:			
Preplanning Costs	\$ 31,471	\$ 294,052.06	\$ 325,523
Site Survey and Soil Investigation	\$ 1,000	\$ 14,000	\$ 15,000
Site Preparation	\$ 21,658	\$ 686,665	\$ 708,323
Off Site Work			
New Construction Contracts	\$ 435,400	\$ 13,464,450	\$ 13,899,850
Modernization Contracts			
Contingencies	\$ 41,600	\$ 1,286,400	\$ 1,328,000
Architectural/Engineering Fees	\$ 52,470	\$ 1,076,812.05	\$ 1,129,282
Consulting and Other Fees	\$ 107,400	\$ 1,682,600	\$ 1,790,000
Movable and Other Equipment (not in construction contracts)	\$ 1,489,925	\$ 3,627,404	\$ 5,117,329
Net Interest Expense During Construction Period			
Fair Market Value of Leased Space or Equipment		\$ 6,300,000	\$ 6,300,000
Other Costs to be Capitalized	\$ 45,000	\$ 1,755,000	\$ 1,800,000
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	\$ 2,225,924	\$ 30,187,383	\$ 32,413,307
Sources of Funds:			
Cash and Securities	\$ 2,225,924	\$ 23,887,383	\$ 26,113,307
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)		\$ 6,300,000	\$ 6,300,000
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 2,225,924	\$ 30,187,383	\$ 32,413,307

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No

Purchase Price: \$ _____

Fair Market Value: \$ _____

The project involves the establishment of a new facility or a new category of service

☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ _____

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable

☐ Preliminary

☒ Schematics

☐ Final Working

Anticipated project completion date (refer to Part 1130.140): December 15, 2019

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.

☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies

☒ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:

☒ Cancer Registry

☒ APORS

☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

☒ All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Memorial Hospital-East			CITY: Shiloh		
REPORTING PERIOD DATES: April 12, 2016-December 31, 2016					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	72	1,890	6,858	--	72
Obstetrics	16	783	1,884	--	16
Pediatrics					
Intensive Care	6	199	542	--	6
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	94	2,872	9,284	--	94

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Memorial Regional Health Services, Inc. *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

Mark J. Turner
SIGNATURE

Mark J. Turner
PRINTED NAME

President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 21st day of June, 2017

Carol A. Musser
Signature of Notary

Seal
"OFFICIAL SEAL"
CAROL A. MUSSER
NOTARY PUBLIC — STATE OF ILLINOIS
MY COMMISSION EXPIRES JULY 11, 2020

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

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- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Memorial Regional Health Services, Inc. *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Kevin Roberts

PRINTED NAME

Treasurer

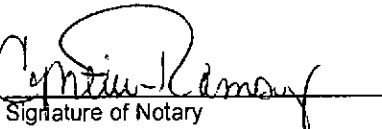
PRINTED TITLE

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 02 day of June


Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this ____ day of ____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

CERTIFICATION

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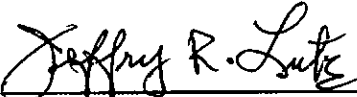
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- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Memorial Group, Inc. *
In accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Roland Thouvenot
PRINTED NAME

Chairman
PRINTED TITLE


SIGNATURE

Jeffry Lutz
PRINTED NAME

Secretary
PRINTED TITLE

Notarization:

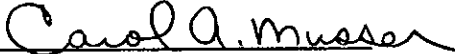
Subscribed and sworn to before me
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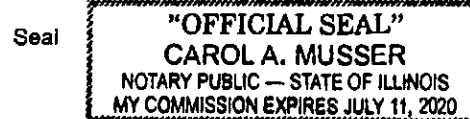

Signature of Notary



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This Application is filed on the behalf of Metro East Services, Inc. *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

Mark J. Turner
SIGNATURE

Mark J. Turner
PRINTED NAME

President
PRINTED TITLE

Michael McManus
SIGNATURE

Michael McManus
PRINTED NAME

Vice President Operations
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 21st day of June, 2017

Carol A. Musser
Signature of Notary

Seal "OFFICIAL SEAL"
CAROL A. MUSSER
NOTARY PUBLIC — STATE OF ILLINOIS
MY COMMISSION EXPIRES JULY 11, 2020
*Insert the EXACT legal name of the applicant

Notarization:
Subscribed and sworn to before me
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Carol A. Musser
Signature of Notary

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- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of BJC Health System dba BJC HealthCare *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act.
The undersigned certifies that he or she has the authority to execute and file this Application on
behalf of the applicant entity. The undersigned further certifies that the data and information
provided herein, and appended hereto, are complete and correct to the best of his or her
knowledge and belief. The undersigned also certifies that the fee required for this application is
sent herewith or will be paid upon request.

SIGNATURE

Richard Lickweg

PRINTED NAME

President

PRINTED TITLE

SIGNATURE

David Aplington

PRINTED NAME

Sr VP, General Counsel, and Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 22 day of June

Notarization:

Subscribed and sworn to before me
this 22 day of June

Signature of Notary

Seal

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Background

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.230 – Purpose of the Project, and Alternatives

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS **ATTACHMENT 13**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative and it shall include the basis used for determining the space and the methodology applied.
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT/ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

project does not involve shell space

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

project does not involve shell space

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

M. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☐ CT	1	2

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

Project Type	Required Review Criteria
New Services or Facility or Equipment	(c) - Need Determination - Establishment
Service Modernization	(d)(1) - Deteriorated Facilities
	AND/OR
	(d)(2) - Necessary Expansion
	PLUS
	(d)(3)(A) - Utilization - Major Medical Equipment
	OR
	(d)(3)(B) - Utilization - Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 31</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

<u>\$32,413,307</u>	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

proof of "A" bond rating provided

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

not applicable, no debt to be used

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs NOT APPLICABLE TO MCBs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs NOT APPLICABLE TO MCBs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

not applicable

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 40.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI. CHARITY CARE INFORMATION

MEMORIAL HOSPITAL-EAST

Charity Care Information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	Pre-Opening	Pre-Opening	2016
Net Patient Revenue			\$33,449,105
Amount of Charity Care (charges)			\$9,620,729
Cost of Charity Care			\$496,700

APPEND DOCUMENTATION AS **ATTACHMENT 39**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI. CHARITY CARE INFORMATION

MEMORIAL HOSPITAL

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	\$244,867,328	\$248,207,731	\$234,886,125
Amount of Charity Care (charges)	\$18,065,196	\$16,953,794	\$45,352,244
Cost of Charity Care	\$2,514,817	\$1,547,666	\$2,333,822

APPEND DOCUMENTATION AS **ATTACHMENT 39**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI. CHARITY CARE INFORMATION

ALTON MEMORIAL HOSPITAL

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

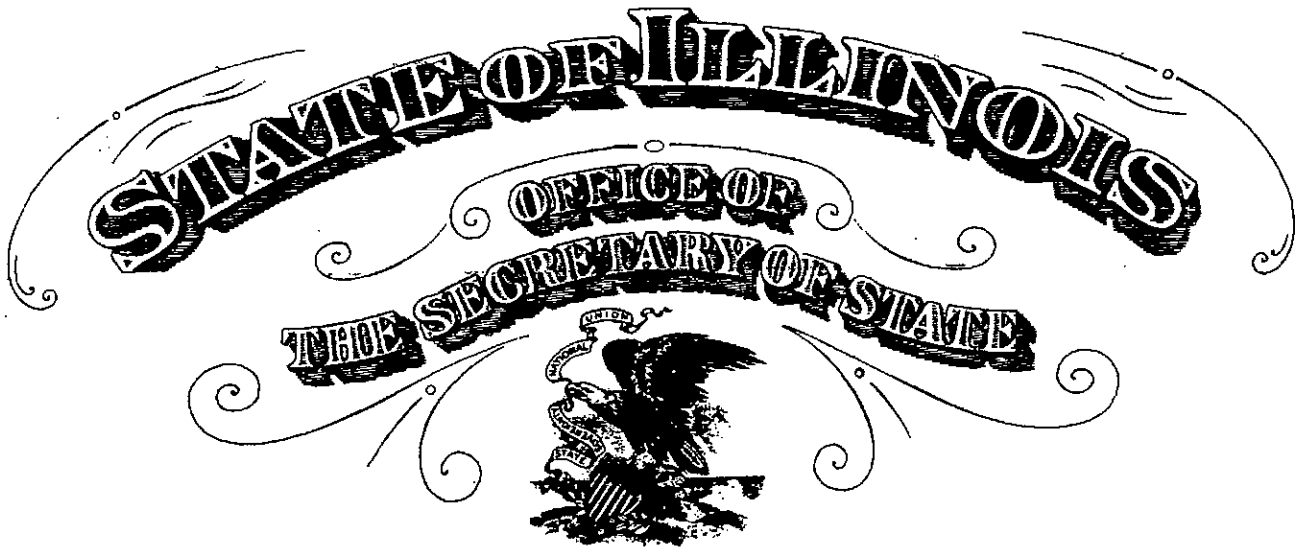
1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	\$126,730,148	\$139,642,667	\$143,292,327
Amount of Charity Care (charges)	\$2,998,202	\$3,999,428	\$4,748,519
Cost of Charity Care	\$770,975	\$996,722	\$1,128,172

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MEMORIAL REGIONAL HEALTH SERVICES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 14, 2015, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 21ST
day of MARCH A.D. 2017 .***

Jesse White



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

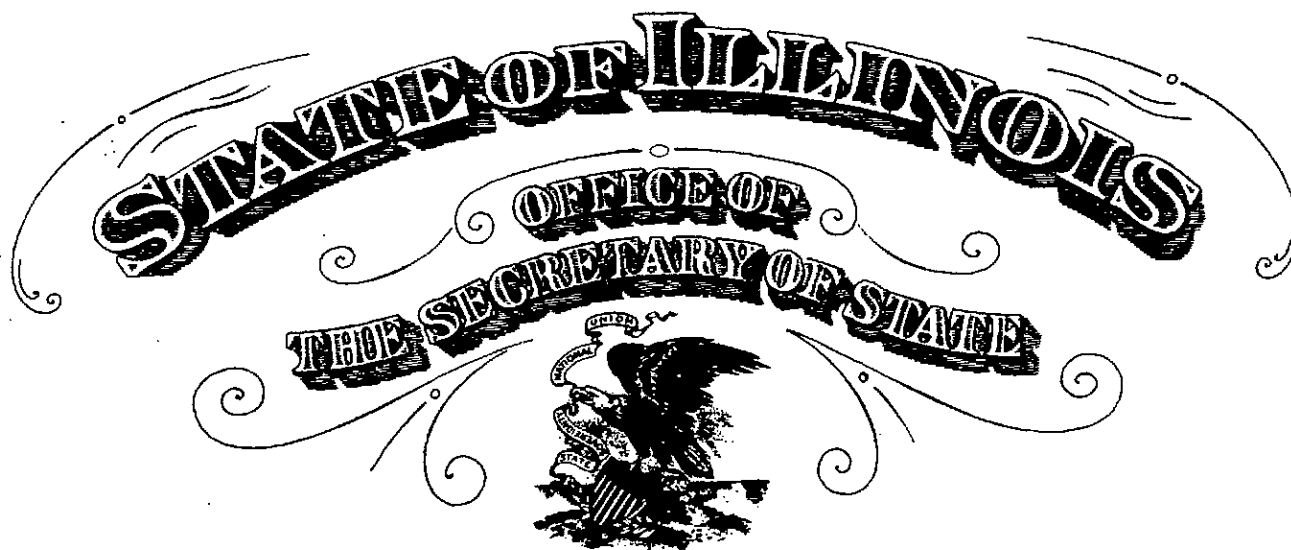
MEMORIAL GROUP, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 08, 1985, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 21ST
day of MARCH A.D. 2017 .

Jesse White

SECRETARY OF STATE ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

METRO-EAST SERVICES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 17, 2011, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 21ST
day of MARCH A.D. 2017 .***

Jesse White

STATE OF MISSOURI



John R. Ashcroft
Secretary of State

CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

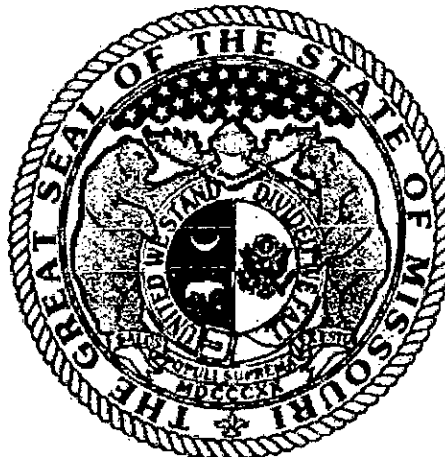
I, JOHN R. ASHCROFT, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

BJC HEALTH SYSTEM
N00045883

was created under the laws of this State on the 11th day of May, 1992, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 22nd day of March, 2017.


Secretary of State



Certification Number: CERT-03222017-0029

ATTACHMENT I

WARRANTY DEED

**MAIL RECORDED
DEED TO:**

Kurt S. Schroeder
Greensfelder, Hemker
& Gale, P.C.
12 Wolf Creek Drive
Suite 100
Belleville, Illinois 62220

**NAME & ADDRESS OF
TAXPAYER:**

Metro-East Services, Inc.
c/o Joe Lanius
4500 Memorial Drive
Belleville, Illinois 62226

MEMORIAL GROUP, INC., an Illinois not-for-profit corporation (the "Grantor"), for and in consideration of One Dollar (\$1.00) and other good and valuable considerations in hand paid, receipt of which is hereby acknowledged, Conveys and Warrants to **METRO-EAST SERVICES, INC.**, an Illinois not-for-profit corporation (the "Grantee"), having an office at 4500 Memorial Drive, Belleville, Illinois 62226, the property described on Exhibit "A" attached hereto and incorporated herein by reference.

Subject to:

1. Real estate taxes for the year 2015 and all years thereafter;
2. Easements, conditions, restrictions and covenants of record; and
3. Oil, gas, coal and other mineral rights reserved or conveyed by prior grantors.

IN WITNESS WHEREOF, the said Grantor has executed this instrument to be effective as of the 1st day of January, 2016.

MEMORIAL GROUP, INC.

By: Mark J. Turner
Mark J. Turner, President

APPROVED MAPPING & PLATTING
8/12/21-15 Director
SUBJECT TO ZONING REGULATIONS

ATTACHMENT 2

Attest:

Joe H. Lanius
Joe H. Lanius, Secretary

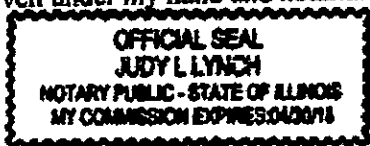
STATE OF ILLINOIS)

COUNTY OF ST. CLAIR)

ss.

I, the undersigned, a notary public in and for said County and State aforesaid, do hereby certify that Mark J. Turner, personally known to me to be the President of Memorial Group, Inc., and Joe H. Lanius, personally known to me to be the Secretary of said corporation, whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary, they signed, sealed and delivered the said instrument as President and Secretary of said corporation, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary acts, and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 18th day of December, 2015.



Judy L. Lynch
Notary Public

Permanent Index No. 04-32-0-300-036 and 09-05-0-208-009 *th*

Deed Prepared By:

Kurt S. Schroeder
Greensfelder, Hemker & Gale, P.C.
12 Wolf Creek Drive
Suite 100
Belleville, IL 62226

Property Address: 1404 Cross St., Shiloh, IL 62269 and O'Fallon Rd., Shiloh, IL 62269

This Deed is exempt under the provisions of Paragraph (e), Section 31-45 of the Real Estate Transfer Tax Law (35 ILCS 200/31-45).

Kurt S. Schroeder 12/29/15
Kurt S. Schroeder, Attorney Date

ATTACHMENT 2

Part of Lots 6, 7, 8 and 9 of the South Half of Section 32 and part of the Southeast Quarter of Section 32, Township 2 North, Range 7 West of the Third Principal Meridian, County of St. Clair, State of Illinois; reference being had to the plat thereof in the St. Clair County Recorder's Office in Plat Book "Lands North No. 2" on page 27 and part of Lots 70 and 76 of the North Half of Section 5, Township 1 North, Range 7 West of the third principal Meridian, County of St. Clair, State of Illinois; reference being had to the plat thereof recorded in the St. Clair County Recorder's Office in Plat Book A on page 244 and being more particularly described as follows:

Commencing at a concrete monument that marks the southwest corner of said Southeast Quarter of Section 32; thence North 89 degrees 06 minutes 08 seconds West, on the South line of said Section 32, a distance of 506.62 feet to the northeasterly right of way line of County Highway 43 (A.K.A. Cross Street, S.A. Route No. 2, Shiloh-O'Fallon Road), reference being had to the plat thereof in the St. Clair County Recorder's Office in Plat Book 45 on pages 120 and 121, said point being the point of beginning.

From said point of beginning; thence North 43 degrees 36 minutes 53 seconds West, on said northeasterly right of way line of County Highway 43, a distance of 1450.30 feet to the northeasterly right of way line of County Highway 43, reference being had to the plat thereof recorded in the St. Clair County Recorder's Office in Plat Book 60 on page 82; thence North 33 degrees 39 minutes 22 seconds West, on said northeasterly right of way line of County Highway 43, reference being had to the plat thereof recorded in the St. Clair County Recorder's Office in Plat Book 60 on page 82, a distance of 754.21 feet to the intersection of the southerly right of way line of F.A.I. Route 64, reference being had to the plat thereof in the St. Clair County Recorder's Office in Plat Book 64 on page 22 and said northeasterly right of way line of County Highway 43, reference being had to the plat thereof in the St. Clair County Recorder's Office in Plat Book 60 on page 82; thence on said southerly right of way line of F.A.I. Route 64 the following eight (8) courses and distances: 1.) North 87 degrees 45 minutes 11 seconds East, 400.00 feet; 2.) South 89 degrees 23 minutes 05 seconds East, 200.25 feet; 3.) North 84 degrees 53 minutes 26 seconds East, 100.12 feet; 4.) North 89 degrees 30 minutes 55 seconds East, 1300.62 feet; 5.) South 57 degrees 15 minutes 18 seconds East, 244.13 feet; 6.) North 87 degrees 45 minutes 11 seconds East, 500.00 feet; 7.) North 49 degrees 05 minutes 35 seconds East, 256.13 feet; 8.) North 87 degrees 45 minutes 11 seconds East, 342.13 feet to the east line of the West Half of said Southeast Quarter of Section 32; thence South 00 degrees 08 minutes 09 seconds West, on said east line of the West Half of the Southeast Quarter of Section 32, a distance of 1135.29 feet to a stone marking the northeast corner of Lot 9 of the Southwest Quarter of said Southeast Quarter of Section 32, reference being had to the assessor's plat thereof in the St. Clair County Recorder's Office in Assessor's Plat "Lands North No. 2" on page 27, said point being the northeast corner of South Half of said Southwest Quarter of



ATTACHMENT 2

the Southeast Quarter of Section 32; thence continuing South 00 degrees 08 minutes 09 seconds West, on said east line of the West Half of the Southeast Quarter of Section 32, a distance of 134.71 feet to the northwesterly right of way line of the proposed extension of Frank Scott Parkway; thence on said northwesterly right of way line of the proposed extension of Frank Scott Parkway, the following ten (10) courses and distances: 1.) 242.26 feet on a non-tangential curve to the left having a radius of 2550.00 feet, the chord of said curve bears South 69 degrees 26 minutes 31 seconds West, a distance of 242.15 feet; 2.) South 89 degrees 46 minutes 52 seconds West, 168.21 feet; 3.) South 68 degrees 13 minutes 33 seconds West, 150.33 feet; 4.) South 64 degrees 24 minutes 42 seconds West, 200.00 feet; 5.) South 53 degrees 06 minutes 06 seconds West, 101.98 feet; 6.) South 58 degrees 42 minutes 04 seconds West, 201.00 feet; 7.) South 64 degrees 24 minutes 42 seconds West, 100.00 feet; 8.) South 53 degrees 06 minutes 06 seconds West, 101.98 feet; 9.) South 64 degrees 24 minutes 42 seconds West, 481.91 feet 10.) North 79 degrees 36 minutes 22 seconds West 45.61 feet to the aforementioned northeasterly right of way line of County Highway 43; thence the following 2 courses and distances on said northeasterly right of way line of County Highway 43; 1.) North 43 degrees 36 minutes 53 seconds West, 259.03 feet 2.) North 89 degrees 06 minutes 08 seconds West, 21.03 feet to the point of beginning.

ALSO, street right-of-way vacated by Village of Shiloh Ordinance 2010-06-07-C recorded as Document No. A02245195 at the St. Clair County, Illinois Recorder's Office.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MEMORIAL GROUP, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 08, 1985, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

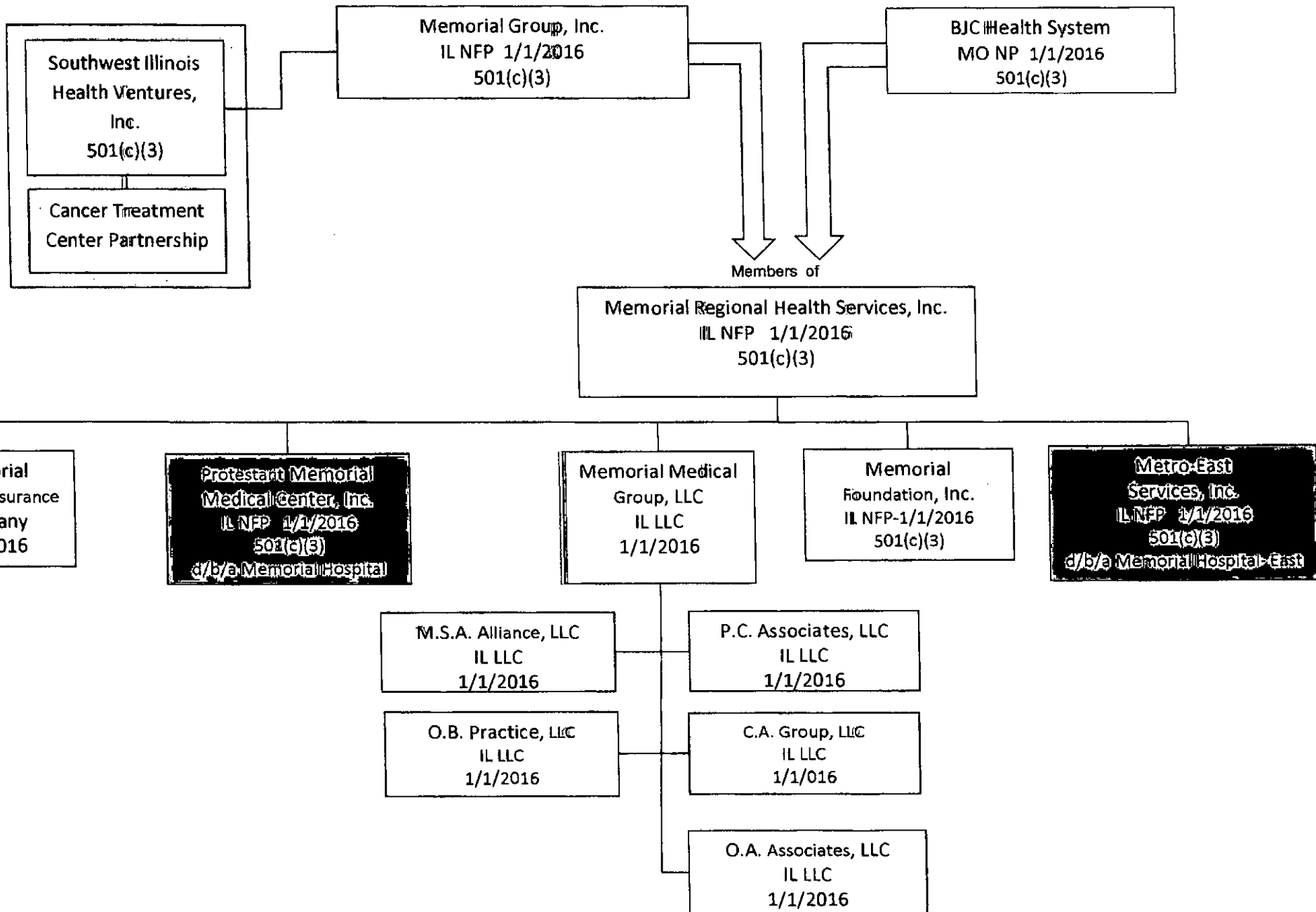


***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 21ST
day of MARCH A.D. 2017 .***

Jesse White

SECRETARY OF STATE

ATTACHMENT 3



ATTACHMENT 4



PART OF THE MEMORIAL NETWORK

Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

To Whom It May Concern:

Please be advised that the Memorial Hospital-East campus, located at approximately 1440 Cross Street in Shiloh, Illinois is not located in a flood plain, and construction on that site is consistent with Illinois Executive Order #2005-5.

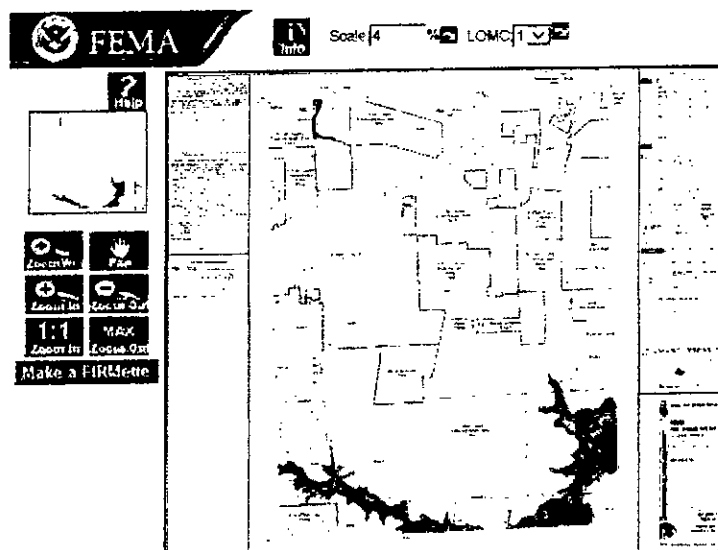
Sincerely,

A handwritten signature in cursive script, appearing to read 'Mark J. Turner'.

Mark J. Turner
President
Memorial Regional Health Services, Inc.

Date: August 3, 2017

ATTACHMENT 5



ATTACHMENT 5



Illinois Historic

Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX 217/524-7525

www.illinoishistory.gov

St. Clair County

Shiloh

SE of hospital complex at 1404 Cross Street

Section:32-Township:2N-Range:7W

IHF SRB

New construction, medical clinics building - Memorial Hospital-East

PLEASE REFER TO: IHPA LOG #022052316

June 21, 2016

Jacob Axel

Axel & Associates, Inc.

675 North Court, Suite 210

Palatine, IL 60067

Dear Mr. Axel:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Rachel Leibowitz, Ph.D.

Deputy State Historic

Preservation Officer

ATTACHMENT 6

PROJECT COSTS and SOURCES OF FUNDS

PROJECT COSTS

Pre-Planning Costs		
Market Analyses	\$125,000	
Transactional	\$75,000	
Site Selection	\$25,000	
Misc./Other	<u>\$100,523</u>	
		\$325,523
Site Survey & Soil Investigation		
Site Survey	\$0	
Soil Investigation	<u>\$15,000</u>	
		\$15,000
Site Preparation		
Landscaping	\$60,000	
Water Remediation	\$75,000	
Parking/Road & Walk-ways	\$450,000	
Exterior Lighting/Signage	\$80,000	
Misc./Other	<u>\$43,323</u>	
		\$708,323
New Construction		
Per ATTACHMENT 39C		\$13,899,850
Construction Contingency		
Per ATTACHMENT 39C		\$1,328,000
Architectural & Engineering Fees		
Preliminary Renderings	\$50,000	
Design	\$700,000	
Engineering	\$220,000	
Reg. Agency Interaction	\$45,000	
Project Monitoring	\$40,000	
Reimbursables	\$25,000	
Misc./Other	<u>\$49,282</u>	
		\$1,129,282
Consulting and Other Fees		
Legal	\$225,000	
Zoning-Related	\$40,000	
CON-Related	\$90,000	
Reg. Approvals, other	\$80,000	
Project Management	\$450,000	
WU5M relocation-related	\$100,000	
Local Permitting	\$50,000	
Interior Design	\$67,000	
Insurance	\$90,000	
Commissioning	\$78,000	
Materials Testing	\$225,000	
Equipment Planning	\$45,000	
Misc./Other	<u>\$250,000</u>	
		\$1,790,000
Moveable Equipment		
Lab	\$370,000	
Imaging	\$1,180,000	
IT	\$544,989	
Other, Non-Clinical	\$2,922,000	
Delivery/Install. @ 2%	<u>\$100,340</u>	
		\$5,117,329
Fair Market Value of Leased Space		
MMG Leased Space*	\$	6,300,000
Other Costs to be Capitalized		
Build-Out of MMG Offices	\$1,050,000	
Property-Related Costs**	<u>\$750,000</u>	
		<u>\$1,800,000</u>
TOTAL COST		\$ 32,413,307

PROJECT COSTS and SOURCES OF FUNDS

SOURCES OF FUNDS

Cash and Securities	\$26,113,307
FMV of MMG Leased Space	<u>\$ 6,300,000</u>

TOTAL SOURCES OF FUNDS \$ 32,413,307

- * lease payments during initial term of lease
- **maintenance of protected waterway, etc.

Cost Space Requirements

				Amount of Proposed Total Square Feet			
		Gross Square Feet			That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Imaging	\$ 2,047,850		1,800	1,800			
Specimen Collection/Lab	\$ 178,074		280	280			
	\$ 2,225,924		2,080	2,080			
Non-Reviewable							
Physicians' Offices	\$ 25,236,652		53,298	53,298			
Community/Patient Ed.	\$ 845,247		1,600	1,600			
Staff Support	\$ 181,124		450	450			
Public Areas/Common	\$ 3,320,612		6,972	6,972			
DGSF>>>BGSF	\$ 603,748		2,000	2,000			
	\$ 30,187,383		64,320	64,320			
PROJECT TOTAL	\$ 32,413,307		66,400	66,400			

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Ms. Courtney Avery
Illinois Health Facilities
And Services review Board
525 West Jefferson
Springfield, IL 62761

RE: Memorial Hospital East-Medical Clinics Building

Dear Ms. Avery:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. The Certificate of Need applicants for the above-referenced project do not have any adverse actions against any facility owned and operated by the them during the three (3) year period prior to the filing of this application, and
2. The Certificate of Need applicants for the above-referenced project authorize the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

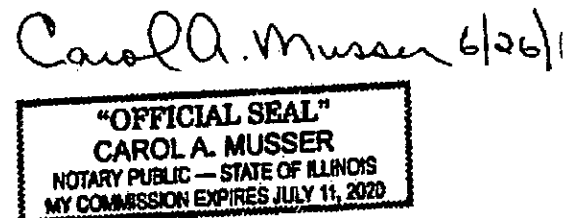
Sincerely,



Mark J. Turner
President

Date: June 26, 2017

Notarized:



ATTACHMENT 11



**Illinois Department of
PUBLIC HEALTH**

HF110587

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of
the Illinois Department of
Public Health

4/11/2017

DATE

0006049

General Hospital

Effective: 04/12/2016

Metro-East Services Inc
dba Memorial Hospital East
1404 Cross Street

Shiloh, IL 62269

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 5/12

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 4/11/2017

Lic Number 0006049

Date Printed 4/1/2016

Validation Num 31273

Metro-East Services Inc
dba Memorial Hospital East
1404 Cross Street
Shiloh, IL 62269

FEE RECEIPT NO.

50
ATTACHMENT 11

PURPOSE OF PROJECT

The proposed project is limited to the establishment of a second phase of a Medical Clinics Building adjacent to Memorial Hospital-East in Shiloh, Illinois. The MCB will provide office space, when fully staffed, for approximately 40-60 physicians, using those offices on either a full-time or part-time/rotational basis. As a result of this project's locating physicians in Shiloh, the health care and well-being of area residents will be improved.

It is anticipated that the majority of patients using the proposed MCB will reside in a 21-ZIP Code area, to include the following ZIP Codes/communities:

62226 Belleville	62223 Belleville	62269 Shiloh/O'Fallon
62221 Belleville	62208 Fairview Heights	62206 E. St. Louis/Cahokia
62220 Belleville	62234 Collinsville	62232 Caseyville
62203 East St. Louis	62204 East St. Louis	62205 East St. Louis
62207 East St. Louis	62254 Lebanon	62258 Mascoutah
62260 Millstead	62243 Freeburg	62201 East St. Louis
62264 New Athens	62298 Waterloo	62040 Granite City

The goal of the proposed project is to provide contemporary and easily accessible office space for physicians, and upon the opening of the MCB, that goal, as it relates to the market area identified above, will be met.

ALTERNATIVES

Due to the limited nature of the proposed project and the applicant's desire to address the need for additional physicians' office space, aside from the selection of an alternative site, other alternatives were not considered. Had a different site in the area been selected, the capital cost associated with the alternative project would likely be either higher than that of the proposed project due to the acquisition cost of land, and the savings associated with the adding on to a structure already under construction. The quality of care provided would be identical to that of the proposed project, and access and associated operating costs would have been similar to those associated with the proposed project.

SIZE

The proposed medical clinics building will be developed through new construction, and the only function having an IDPH-determined space standard is a CT unit, designed primarily for the "off-loading" of a portion of the hospital's CT volume.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
CT	1,800	1,800	--	YES

The building will consist of three stories. The table below identifies the currently-anticipated location of services.

	1st Floor	2nd Floor	3rd Floor
Imaging	X		
Specimen Collection/Lab	X		
Physicians' Offices	X	X	X
Community/Patient Ed.			X
Staff Support		X	X
Public Areas/Common	X	X	X

PROJECT SERVICES UTILIZATION

The proposed project includes two clinical services, a CT unit and a specimen collection/lab area. The HFSRB does not have a utilization standard for laboratories. The CT unit will both serve the physicians' practices located in the MCB, and will also "down-load" utilization from Memorial Hospital-East's existing CT unit. During 2016, in excess of 9,400 imaging studies were performed on the hospital's unit, compared to the IDPH-standard of 7,000 studies per unit. With the filing of this application, the applicants confirm their full anticipation that the CT units located on the Memorial Hospital-East campus will operate consistent with the HFSRB's utilization standard

Dept./ Service	2016 Historical Utilization* (MH-East) (TREATMENTS)	PROJECTED UTILIZATION* (examinations)		STATE STANDARD	MET STANDARD?
		YEAR 1	YEAR 2		
CT	9,429	9,429	9,429	7,001+	YES

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed project involves two clinical areas that are not HFSRB-designated categories of service, a specimen collection/lab area and a CT unit.

The HFSRB does not have utilization standards for clinical laboratories.

Memorial Hospital-East currently has one CT unit. During 2016, the hospital's first full year of utilization, 9,429 studies were performed on that unit, approximately 35% above the HFSRB's utilization target of 7,000 studies per year. Over 7,400 of the studies performed at the hospital were performed on outpatients. Conservatively, utilization is not anticipated to increase. That said, the current utilization level "supports" the second proposed CT unit. The patient origin for this service is anticipated to be virtually identical to that of the hospital (see ATTACHMENT 12).

RatingsDirect®

Missouri Health and Educational Facilities Authority BJC HealthCare; System

Primary Credit Analyst:

Suzie R Desai, Chicago (1) 312-233-7046; suzie.desai@spglobal.com

Secondary Contact:

Brian T Williamson, Chicago (1) 312-233-7009; brian.williamson@spglobal.com

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Rationale

Outlook

Enterprise Profile

Financial Profile

Related Criteria And Research

Missouri Health and Educational Facilities Authority

BJC HealthCare; System

Credit Profile

Missouri Hlth & Educl Facs Auth, Missouri

BJC HealthCare, Missouri

Series 2005A and 2014

Long Term Rating

AA/Stable

Affirmed

Rationale

S&P Global Ratings affirmed its 'AA' long-term rating on the Missouri Health and Educational Facilities Authority's \$150 million series 2015A fixed-rate revenue bonds, \$200 million series 2014 fixed-rate revenue bonds, and \$100 million series 2013B variable-rate term bonds. We also affirmed our 'AA/A-1+' rating on the authority's \$441.5 million series 2005B, 2008A, 2008B, 2008C, 2008D, and 2008E variable-rate demand bonds (VRDBs) and \$100.0 million series 2013C windows VRDBs. All bonds were issued for BJC HealthCare (BJC). The outlook is stable. While we don't rate the series 2011A-B and 2012A-E direct-placement debt, we have fully incorporated those series into this analysis.

The 'A-1+' short-term component of the ratings on the above VRDBs is based on our view of BJC's self-liquidity, as the bonds could require available funds from BJC. Except for the series 2013C windows VRDBs, which would require available funds from BJC within a seven-month period should an optional tender occur, the VRDBs would require available funds from BJC within a week because those bonds are in weekly mode.

The 'AA' long-term rating reflects our view of BJC's stable and leading market share in the greater St. Louis metropolitan statistical area (MSA) market, coupled with a historically strong and consistent financial profile. BJC has further expanded its presence in the region through acquisition (Memorial Group in Illinois), as well as through the BJC Collaborative--a multistate collaborative working to improve clinical care across various organizations and expense management. We expect to see some moderate pressure on the balance sheet as BJC continues through a fairly heightened period of capital spending, including on its main academic campus and related to the Epic IT system over the next several years. The management team's track record is favorable and supports the stable outlook, but we also view this as a critical time for BJC to maintain strong cash flow to minimize balance-sheet stress. We view positively its focus on operating initiatives to help generate strong cash flow, which is key for maintaining good coverage and balance-sheet strength at a time when capital spending is heightened.

S&P Global's Fund Ratings and Evaluation group has determined that BJC has adequate types and levels of liquidity to manage the full and timely purchase price of all of its rated VRDBs. As of April 30, 2016, BJC had identified more than \$1.8 billion of discounted investments (discounted by our Fund Ratings and Evaluation group) to guarantee the full and timely purchase price of its \$538.2 million VRDBs, for which it has also arranged to provide self-liquidity. With a

portion of the self-liquidity-backed debt in windows mode (\$100 million of series 2013C), risk decreases somewhat, as the windows instrument provides seven months' lead time for required funds as a result of a tender (compared with a weekly mode, which must be funded within seven days). The pool of fixed-income assets backing these VRDBs consists of cash, money market funds, BJC's dedicated line, treasury, and agency securities, and other investment-grade fixed-income securities that are managed to provide competitive total returns. Our Fund Ratings and Evaluation group will continue to monitor the credit quality, liquidity, and sufficiency of the available assets on a monthly basis.

The 'AA' long-term rating further reflects our view of BJC's:

- Status as a well-established, multihospital regional system with stable system membership, a long track record of system integration, good leverage with third-party payors, and good financial risk dispersion;
- Leading, though not dominant, market share in the greater St. Louis MSA, bolstered by broad regional and national draws at its large academic facilities (Barnes-Jewish Hospital and St. Louis Children's Hospital) owing to a reputation for clinical excellence, as well as by a long-time academic relationship with the highly respected Washington University School of Medicine (WUSM), one of the top recipients of federal research funding;
- Solid balance-sheet profile, characterized by unrestricted reserves of 331 days' cash on hand and still-modest debt with leverage at 25% debt to capitalization and unrestricted reserves to long-term debt of 225% at March 31, 2016;
- Steady operating margins and cash flow (benefiting from both operating cash flow and strong nonoperating income) contributing to good pro forma maximum annual debt service (MADS, which includes Memorial debt) coverage of around 7x in recent years (6.5x as of Dec. 31, 2015); and
- Capable management team responsible for the system's historical strong financial performance and ongoing strong business position, as well as a strong governance structure that makes system members unable to disaffiliate.

Partly offsetting those strengths, in our view, are BJC's:

- Location in a competitive service area with multiple competing health systems;
- Increased capital spending during the next few years, primarily for the academic facilities and for a conversion to the Epic IT system; and
- Somewhat aggressive debt structure related to increased contingent liability risk, although we also recognize the benefits to interest expense, that the mandatory tender dates are out six or more years, and that contingent liability is manageable given BJC's healthy unrestricted reserves.

BJC's total long-term debt is about \$1.7 billion (up from \$1.5 billion as of Dec. 31, 2014) due primarily to debt from the affiliation with Memorial Group. The series 2015 bonds have a final bullet payment of \$150 million in 2045 and principal for that bullet payment has not been amortized for debt service calculations and is excluded from the MADS calculation. Combined, BJC's contingent liabilities and variable-rate debt (VRDBs and direct purchase) account for about 70% of total debt outstanding. Including BJC's swap program, however, total net variable-rate debt is less than 20% of total debt.

Over the next several weeks, we expect BJC to reoffer its series 2013C Windows bonds (that were tendered in February) into a long-term rate mode bond that will approach the bonds' final maturity date of Jan. 1, 2050. At close of that reoffering (estimated to be July 1, 2016), we will remove our short-term rating, and maintain just our long-term rating on those bonds.

BJC's bonds are an unsecured obligation of the obligated group, which includes almost all of BJC's entities. This analysis reflects the system as a whole.

Outlook

The stable outlook reflects our view of BJC's good debt service coverage (DSC), solid balance sheet, and leading position in the greater St. Louis MSA. The outlook also incorporates our view of management's operating initiatives, which should continue to support operations and cash flow during the next few years while BJC spends more on capital, including IT. We also anticipate that BJC will manage capital spending appropriately to maintain its balance sheet. Although we believe that BJC is well positioned, both financially and strategically, prolonged softness in operations or cash flow or any persistent balance-sheet stress could become a rating risk.

Downside scenario

Given a variety of both operating and capital initiatives that we expect to unfold over the next couple of years, we view BJC as having slightly less flexibility at the current rating level for any sustained operating challenges and any prolonged balance-sheet stress. Therefore, there could be rating pressure over the next one-to-two years if coverage or key balance-sheet ratios stray too far from median levels.

Upside scenario

We are unlikely to raise the rating given some of the initial signs of increasing industry pressures that have affected underlying margins, coupled with increased capital spending during the next several years, our already high rating on BJC, and the competitive service area.

Enterprise Profile

BJC owns or operates the full continuum of care of services, including 15 inpatient acute-care hospitals in the St. Louis MSA, eastern and central Missouri, and southern Illinois (including two Memorial Group facilities) that had a combined 138,818 admissions (excluding Memorial Medical Center) in fiscal 2015—up slightly over the prior year, but generally stable. Other key related businesses include two long-term care facilities, a retirement community, home-care services, various primary care physician practice sites, and the growing BJC Medical Group, which employs approximately 300 physicians (including Memorial's Medical Group). The BJC Medical Group physicians mostly serve the hospitals outside of those academic hospitals affiliated with Washington University. The 1,315-licensed-bed Barnes-Jewish Hospital (the system's flagship adult facility), the 264-licensed-bed St. Louis Children's Hospital (BJC's pediatric facility), and 113-licensed-bed Barnes-Jewish West County Hospital (one of BJC's community hospitals) maintain an affiliation agreement with WUSM, part of Washington University. WUSM physicians are eligible for appointment to the medical staffs of those hospitals, as well as a few of the other BJC hospitals. Through a predetermined formula, WUSM shares in the profits that the three hospitals generate, and BJC records the amount as an operating expense. Pursuant to the agreement, BJC expensed \$105.2 million in 2015. Additional foundation expenses to WUSM can be incurred by BJC, depending on operating performance at the three facilities and is treated as a nonoperating expense. BJC's affiliation agreement with WUSM was recently updated and extends through 2023.

The St. Louis MSA is very competitive and relatively consolidated with very modest population growth. The general economy has held up moderately well and the region's unemployment rate is about equal to the national average. BJC's defined primary service area (PSA) consists of the city of St. Louis, six counties in Missouri, and five in Illinois, with a total population base of 2.7 million. BJC's patient draw reflects its strong regional and national reputation: It derives just two-thirds of its admissions from the very broad PSA.

BJC is the market share leader in St. Louis, with 34.4% (2015) and 39% on a pro forma basis with Memorial Medical Center, followed by SSM Health Care (including SLU Hospital, recently acquired from Tenet Healthcare), with 26%, and Mercy Health, with 15.3%. A few independent hospitals divide the remaining market share. The payor mix is generally stable and is moderately constrained with only around 50% of net payments coming from governmental payors. BJC has a multiyear contract with their largest plan. In addition, and in the manner of many other providers across the country, BJC has begun to incorporate pay-for-performance metrics into its contracts. These have mostly upside potential, but a few contracts have started to develop some downside risk. BJC is also participating (as of July 1, 2012) in a Medicare accountable care organization through the shared savings plan (with both employed and independent physicians) covering almost 41,000 lives.

BJC's inpatient admissions volumes were up in 2015 but are generally stable over the broader trend. We expect to see some growth in fiscal 2016 due to the affiliation with Memorial Group, but over time, like in many parts of the country, we expect to see more limited inpatient growth and more outpatient growth. Consequently, while management has focused on leakage of volume and on opportunities for certain volume growth, particularly at the academic campuses, it anticipates that the overall softer inpatient volume trend could continue to some extent.

Table 1

BJC Health System, MO				
Enterprise Profile				
	Three-month interim ended March 31, 2016	Fiscal year ended Dec. 31		
		2015	2014	2013
PSA population	N.A.	2,700,000	2,729,673	N.A.
PSA market share %	N.A.	34.4	34.3	34.6
Inpatient admissions	38,998	138,818	136,911	140,274
Equivalent inpatient admissions	N.A.	286,543	274,550	278,896
Emergency visits	139,818	482,279	463,033	481,300
Inpatient surgeries	11,414	42,405	42,775	43,247
Outpatient surgeries	19,712	70,144	67,800	67,988
Medicare case mix index	N.A.	1.8900	1.9000	1.6800
FTE employees	N.A.	24,443	23,456	23,690
Active physicians	N.A.	6,390	6,254	6,201
Top 10 physicians admissions %	N/A	N/A	N/A	N/A
Based on net/gross revenues	N.A.	Net	Net	Net
Medicare %	N.A.	29.6	31.3	30.1
Medicaid %	N.A.	13.4	13.7	13.8
Commercial/blues %	N.A.	49.4	49.3	49.5

Inpatient admissions exclude Newborns, Psychiatric, Rehabilitation admissions. N.A.—Not available. N/A—Not applicable.

Management

A 17-member board, which has all the key powers necessary to control the system entities, governs the system. BJC's senior management has been quite stable overall, which we view favorably, and has made changes in recent years to better position the organization for changes in health care delivery and reimbursement. CEO and President Steven Lipstein has been with the organization since 1999 and continues to bring outside experience and knowledge to BJC from such regional and national appointments as his prior chairmanship of the St. Louis Federal Reserve Bank and his vice chairmanship of the Patient Centered Outcomes Research Institute (established under the Patient Protection and Affordable Care Act). Kevin Roberts is the CFO and has been with the organization since 2008. Overall, we view the management team as a strong group that generally meets or exceeds annual budgets, does comprehensive strategic and capital planning for the organization, and makes appropriate operating and capital investments. In addition, the system's continued strong affiliation with WUSM and its stable structure are a testament to the current administration's and board's abilities to manage the overall system. BJC is part of the BJC Collaborative, a Missouri/Illinois eight-system organization whose purpose is to learn best practices across various areas, including expense management, quality of care, and population health. To date, the collaborative has been functioning as anticipated and there are no plans to merge the organizations.

Financial Profile

Income statement

After some operating margin compression in 2013 (primarily as a result of declining volumes, federal sequestration, Medicaid cuts, and continued charity care and bad debt expense), BJC implemented a significant operating improvement plan to take place over fiscal years 2014, 2015, and 2016 to ensure continued strong cash flow to fund system operating and capital investments. Management continues to focus on these improvements with additional improvements in fiscal years 2016 and 2017 but offset by broader reimbursement pressures, as well as expense increases related to labor and project-related operating expenses, coupled with the opening of the new replacement hospital at Memorial. Consequently, we expect to see some operating margin compression in fiscal 2016, but with management's goals of returning to 3%-4% over the next few years.

BJC's strong DSC, as well as funding of capital spending and operating investments, relies on both operating performance and healthy nonoperating income, including investment income. It maintains adequate financial dispersion among its hospitals, but this has attenuated slightly with some of the economic challenges in the surrounding communities and more persistent financial operating pressures at some community hospitals, coupled with increased reliance on the academic hospitals. With growth of about 4%, net patient revenue base is sizable at \$4 billion.

Operating performance was healthy in fiscal 2015, although down from 2014 (which had some one-time events) and, along with continued solid investment income, contributed to good pro forma MADS coverage (including Memorial debt service) of 6.5x, but down from slightly higher coverage in prior years when debt service was slightly lower. (Excess income excludes unrealized gains on investments and unrealized changes in the value of derivatives.) As mentioned above, we have excluded the \$150 million bullet payment from the coverage calculation. While management expects fiscal 2016 margins to be a bit weaker at around 2.6% (as mentioned above), we believe that with

operating improvement efforts and continued strengthening and outreach for key tertiary programs, BJC should return to more sound margins and cash flow.

Unrestricted reserves

Despite solid operating cash flow and heightened capital spending, as well as slightly weaker investment returns and unrealized losses on investment affected BJC's unrestricted reserves, which attenuated slightly at the end of fiscal 2015. We saw days' cash on hand, as calculated by S&P Global Ratings, decline by about 39 days between fiscal years 2014 and 2015 and with some further declines with the incorporation of Memorial and weaker investment returns. In addition, we expect continued heightened capital spending will minimize unrestricted reserve growth over the next couple of years. Overall, we expect days' cash on hand to remain at or above 300 throughout the high capital spending period. While we view unrestricted reserves as at a good level, we note that unrestricted reserves to long-term debt at 225% is down (due to both the incorporation of Memorial Group and the series 2015 issuance) from the higher 270% in earlier years.

Unrestricted reserves to puttable debt remains a strong 720%, but unrestricted reserves to contingent debt is light at 320%. The self-liquidity analysis shows more conservative unrestricted reserves to puttable debt because of our Fund Rating and Evaluation Group's use of only liquid assets (some of which are further discounted). In addition, BJC has \$936.5 million at various affiliated foundations that are consolidated onto its balance sheet, some of which is unrestricted but excluded from unrestricted reserve calculations. BJC maintains \$100 million of a dedicated line of credit for managing any tenders on the VRDBs, as well as \$300 million credit agreements for both operations and its self-liquidity program. Because the \$100 million line is a dedicated line, we have included it in our self-liquidity analysis, although we have excluded the \$300 million revolving credit agreement from our self-liquidity analysis but it does create a short-term cushion, if needed.

BJC's investment strategy is to maintain at least 100 days' cash on hand in liquid, fixed-income-type investments (which totaled about \$1 billion as of Dec. 31, 2015) and invest the rest (the long-term fund) in a more aggressive mix of about 32% equities, 18% fixed income, and 50% alternative assets, such as private equity, hedge funds, and real assets. It had additional unfunded commitments of more than \$960.1 million for private equity and real asset funds as of Dec. 31, 2015, up slightly from the prior-year result and a sizable amount, but management doesn't anticipate calling on all those funds.

After slightly more modest levels of capital spending, BJC spent a healthy level toward capital in fiscal 2015 (roughly at budgeted levels) and expects that trend to continue over the next few years as noted by first-quarter fiscal 2016's 305.5% capital expenditures to depreciation ratio. BJC plans to increase its capital spending to more than its normal rate of about 9% of total revenue for the next few years as a result of the completion of Phase I at the academic center campus in downtown St. Louis, along with a significant Epic IT conversion and implementation. The capital spending budget is at a higher \$750 million in 2016. We anticipate capital spending will be at lower--though still healthy--levels in fiscal 2017 given the timing of the projects. Management continues to review its overall capital plans and maintains some flexibility in its capital program should cash flow weaken. However, the market is competitive, and any prolonged delays in capital spending for key projects could affect BJC's business position.

Debt and contingent liabilities

BJC's debt levels have increased in recent years but currently remain manageable at around 26%, with additional debt issuances possible if and when leverage falls to less than 25%. While that leverage metric is in line with medians, we also review unrestricted reserves to long-term debt ratio, which has been decreasing (i.e., worsening) with recent years' debt issuances. We view BJC's exposure to contingent debt as an increased risk for the organization. However, we also note that BJC's contingent liability covenants are very similar to covenants in the master trust indenture.

BJC's contingent liabilities at Dec. 31, 2015 are:

- \$812.7 million notional amount of swaps outstanding with a mark-to-market liability of \$109 million and about \$40 million of collateral posted
- \$538.2 million of VRDBs (all backed by self-liquidity, but we expect this to drop by \$100 million at the time of the reoffering of the 2013C windows bonds in a long-term interest rate mode)
- \$200 million of direct-placement debt instruments (2011A and B) split evenly between U.S. Bank and Northern Trust, and with a mandatory tender in September 2025;
- \$271 million of direct-placement debt instruments (series 2012A, 2012B, 2012C, 2012D, and 2012E with various banks), with a mandatory tender in September 2025 and with the banks being Union Bank, with \$50 million (series 2012E); Clayton Holdings LLC (part of Commerce Bank), with \$75 million, and Bank of America with \$146 million (series 2012A, C, and D)
- \$100 million of direct-placement debt instrument (series 2013A) with Union Bank, and a mandatory tender in September 2028; and
- \$100 million of direct-placement debt instruments (series 2013B) with RBC, mandatory tender in October 2023.

Although many of the covenants outlined in the direct-placement continuing covenant agreements allow for a 30-day cure period before an event of default occurs, several violations could result in immediate acceleration of debt payment by BJC to the banks. These include, but are not limited to, DSC of less than 1.1x for two successive years, inspection rights, termination of the pension plan when the unfunded status is greater than \$25 million, and a lowering of the rating to less than 'BBB-'. We consider these risks small given BJC's strong management practices, overall sound financial profile, and around \$3 billion in funds with daily and weekly liquidity.

BJC's primary pension funding remained around 75% on a projected benefit obligation basis as of Dec. 31, 2015, with the expectation of slightly lower pension expense in 2016.

Table 2

BJC HealthCare, MO**Financial Profile**

Financial Profile		Fiscal year ended Dec. 31			Medians: Health care systems 'AA'
	Three-month interim ended March 31, 2016	2015	2014	2013	2014
Financial performance					
Net patient revenue (\$000s)	1,138,800	4,090,000	3,928,400	3,752,100	1,989,096
Total operating revenue (\$000s)	1,181,200	4,262,300	4,099,000	3,908,400	MNR
Total operating expenses (\$000s)	1,134,900	4,060,000	3,866,500	3,762,400	MNR
Operating income (\$000s)	46,300	202,300	232,500	146,000	MNR

Table 2

BJC HealthCare, MO (cont.)

Financial Profile

	Three-month interim ended March 31, 2016	Fiscal year ended Dec. 31			Medians: Health care systems 'AA'
		2015	2014	2013	2014
Operating margin (%)	3.92	4.75	5.67	3.74	5.30
Net non-operating income (\$000s)	44,871	122,000	159,078	226,771	MNR
Excess income (\$000s)	91,171	324,300	391,578	372,771	MNR
Excess margin (%)	7.44	7.40	9.20	9.01	8.50
Operating EBIDA margin (%)	10.37	11.63	13.87	10.64	10.90
EBIDA margin (%)	13.65	14.09	17.09	15.54	14.40
Net available for debt service (\$000s)	167,371	617,800	727,778	642,471	421,930
Maximum annual debt service (\$000s)	94,833	94,833	94,833	94,833	MNR
Maximum annual debt service coverage (x)	7.06	6.51	7.67	6.77	7.20
Operating lease-adjusted coverage (x)	4.59	4.17	4.86	4.26	5.20
Liquidity and financial flexibility					
Unrestricted reserves (\$000s)	3,872,822	3,924,500	4,063,000	3,552,300	2,395,574
Unrestricted days' cash on hand	331.1	376.5	415.8	368.1	296.60
Unrestricted reserves/total long-term debt (%)	225.2	251.8	271.6	270.8	256.40
Unrestricted reserves/contingent liabilities (%)	320.3	324.6	335.1	292.9	MNR
Average age of plant (years)	13.8	13.7	10.8	12.5	9.40
Capital expenditures/depreciation and amortization (%)	305.5	169.9	105.5	139.1	143.00
Debt and liabilities					
Total long-term debt (\$000s)	1,720,000	1,558,300	1,495,800	1,311,600	MNR
Long-term debt/capitalization (%)	25.8	24.7	24.4	21.7	24.60
Contingent liabilities (\$000s)	1,209,100	1,209,100	1,212,500	1,213,000	MNR
Contingent liabilities/total long-term debt (%)	70.3	77.6	81.1	92.5	MNR
Debt burden (%)	1.93	2.16	2.18	2.28	1.90
Defined benefit plan funded status (%)	N.A.	75.91	74.05	86.47	83.80

N.A.—Not available. MNR—Median not reported.

Related Criteria And Research

Related Criteria

- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- General Criteria: Methodology: Industry Risk, Nov. 20, 2013

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- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Ratings Detail (As Of June 8, 2016)

Missouri Hlth & Educl Facs Auth, Missouri

BJC HealthCare, Missouri

Missouri Hlth & Educl Facs Auth (BJC HealthCare) SYSTEM

<i>Long Term Rating</i>	AA/Stable	Affirmed
Series 2005B		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Series 2008A		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Series 2008B		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Series 2008C, 2008D and 2008E		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Series 2013B		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Series 2013C		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed

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PART OF THE MEMORIAL NETWORK

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

I hereby attest that the total estimated project costs associated with the development of the second phase of the medical clinics building to be located on the campus of Memorial Hospital-East in Shiloh, Illinois, and to be addressed by the Illinois Health Facilities and Services Review Board will be funded through the use of cash and other liquid assets.

Sincerely,

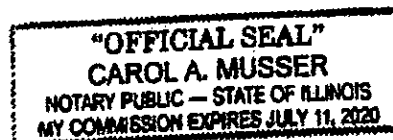
A handwritten signature in cursive script that reads 'Mark J. Turner'.

Mark J. Turner
President

Date: June 26, 2017

Notarized:

A handwritten signature in cursive script that reads 'Carol A. Musser' followed by the date '6/26/17'.



ATTACHMENT 37A

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	
	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$	Modernization \$	Total
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	Costs
							(G + H)		
Reviewable									
Imaging	\$ 210.00		1,800				\$ 378,000		\$ 378,000
Specimen Collection/Lab	\$ 205.00		280				\$ 57,400		\$ 57,400
	\$ 209.33						\$ 435,400		\$ 435,400
Contingency	\$ 20.00						\$ 41,600		\$ 41,600
	\$ 229.33		2,080				\$ 477,000		\$ 477,000
Non-Reviewable									
Physicians' Offices	\$ 210.00		53,298				\$ 11,192,580		\$ 11,192,580
Community/Patient Ed.	\$ 200.00		1,600				\$ 320,000		\$ 320,000
Staff Support	\$ 195.00		450				\$ 87,750		\$ 87,750
Public Areas/Common	\$ 210.00		6,972				\$ 1,464,120		\$ 1,464,120
DGSF>>>BG5F	\$ 200.00		2,000				\$ 400,000		\$ 400,000
							\$ 13,464,450		\$ 13,464,450
Contingency	\$ 20.00						\$ 1,286,400		\$ 1,286,400
	\$ 229.34		64,320				\$ 14,750,850		\$ 14,750,850
PROJECT TOTAL	\$ 229.34		66,400				\$ 15,227,850		\$ 15,227,850