

McDermott Will & Emery

Boston Brussels Chicago Dallas Düsseldorf Frankfurt Houston London Los Angeles Miami
Milan Munich New York Orange County Paris Rome Seoul Silicon Valley Washington, D.C.

Strategic alliance with MWE China Law Offices (Shanghai)

Clare E. Connor
Attorney at Law
cconnor@mwe.com
+1 312 984 3365

September 14, 2017

VIA FEDEX

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

RECEIVED

SEP 15 2017

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Presence United Samaritan Medical Center and Presence Covenant Medical Center –
Change of Ownership to OSF Healthcare System

Dear Ms. Avery:

Enclosed are applications for exemptions for changes of ownership regarding the above-referenced hospitals, and checks for the applicable respective filing fees.

Should you have any questions or comments, do not hesitate to contact me.

Thank you.

Very truly yours,


Clare E. Connor

CCR/amm

cc: Mark Hohulin
Michael Henderson
Jeannie Carmadelle-Frey

DM_US 83173223-1.052942.0429

E-044-17

ORIGINAL

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

SEP 15 2017

Facility/Project Identification

Facility Name: Presence Covenant Medical Center – Change of Ownership			HEALTH FACILITIES & SERVICES REVIEW BOARD
Street Address: 81400 West Park Avenue			
City and Zip Code: Urbana 61801			
County: Champaign	Health Service Area: 4	Health Planning Area: D-01	

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

Exact Legal Name: Presence Health Network
Street Address: 200 S. Wacker Drive, 11 th Floor
City and Zip Code: Chicago 60606
Name of Registered Agent: Kathleen Cronin
Registered Agent Street Address: 18927 Hickory Creek Drive
Registered Agent City and Zip Code: Mokena 60448
Name of Chief Executive Officer: Michael Englehart
CEO Street Address: 200 S. Wacker Drive, 11 th Floor
CEO City and Zip Code: Chicago 60606
CEO Telephone Number: 312-308-3291

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: Clare E. Connor
Title: Partner
Company Name: McDermott, Will & Emery LLP
Address: 444 W. Lake Street, Suite 4000 Chicago, IL 60606
Telephone Number: 312-984-3365
E-mail Address: cconnor@mwe.com
Fax Number: 312-984-7700

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

Name: Jeannie Carmedelle Frey
Title: Chief Legal Officer and Secretary
Company Name: Presence Health Network
Address: 200 S. Wacker Drive, 11 th Floor Chicago, IL 60606
Telephone Number: 312-308-3291
E-mail Address: JFrey@presencehealth.org
Fax Number: 312-308-3397

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Presence Covenant Medical Center – Change of Ownership		
Street Address: 81400 West Park Avenue		
City and Zip Code: Urbana 61801		
County: Champaign	Health Service Area 4	Health Planning Area: D-01

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

Exact Legal Name: Presence Central and Suburban Hospitals Network
Street Address: 200 S. Wacker Drive, 11 th Floor
City and Zip Code: Chicago 60606
Name of Registered Agent: Kathleen Cronin
Registered Agent Street Address: 18927 Hickory Creek Drive
Registered Agent City and Zip Code: Mokena 60448
Name of Chief Executive Officer: Ann Errichetti, M.D.
CEO Street Address: 200 S. Wacker Drive, 11 th Floor
CEO City and Zip Code: Chicago 60606
CEO Telephone Number: 312-308-3291

Type of Ownership of Applicants

☒ Non-profit Corporation	☐ Partnership	
☐ For-profit Corporation	☐ Governmental	
☐ Limited Liability Company	☐ Sole Proprietorship	☐ Other
- 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.		
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: Clare E. Connor
Title: Partner
Company Name: McDermott, Will & Emery LLP
Address: 444 W. Lake Street, Suite 4000 Chicago, IL 60606
Telephone Number: 312-984-3365
E-mail Address: cconnor@mwe.com
Fax Number: 312-984-7700

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

Name: Jeannie Carmedelle Frey
Title: Secretary
Company Name: Presence Central and Suburban Hospitals Network
Address: 200 S. Wacker Drive, 11 th Floor Chicago, IL 60606
Telephone Number: 312-308-3291
E-mail Address: JFrey@presencehealth.org
Fax Number: 312-308-3397

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Presence Covenant Medical Center – Change of Ownership		
Street Address: 81400 West Park Avenue		
City and Zip Code: Urbana 61801		
County: Champaign	Health Service Area: 4	Health Planning Area: D-01

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

Exact Legal Name: OSF Healthcare System
Street Address: 800 N.E. Glen Oak Avenue
City and Zip Code: Peoria 61603
Name of Registered Agent: Sister Theresa Ann Brazeau, OSF
Registered Agent Street Address: 1175 Saint Francis Lane
Registered Agent City and Zip Code: East Peoria 61611
Name of Chief Executive Officer: Kevin Schoepfle
CEO Street Address: 800 N.E. Glen Oak Avenue
CEO City and Zip Code: Peoria 61603
CEO Telephone Number: 309-655-2850

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: Mark Hohulin
Title: Senior Vice President, Healthcare Analytics
Company Name: OSF Healthcare System
Address: 800 N.E. Glen Oak Avenue Peoria, IL 61603
Telephone Number: 309-308-9656
E-mail Address: mark.e.hohulin@osfhealthcare.org
Fax Number: 309-308-0530

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

Name: Michael Henderson
Title: Corporate Counsel
Company Name: OSF Healthcare System
Address: 530 N.E. Glen Oak Avenue Peoria, IL 61637
Telephone Number: 309-655-2402
E-mail Address: michael.b.henderson@osfhealthcare.org
Fax Number: 309-655-2347

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

Name: Clare E. Connor
Title: Partner
Company Name: McDermott Will & Emery LLP
Address: 444 W. Lake Street, Suite 4000 Chicago, IL 60606
Telephone Number: 312-984-3365
E-mail Address: cconnor@mwe.com
Fax Number: 312-984-7700

Post Exemption 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: Mark Hohulin
Title: Senior Vice President, Healthcare Analytics
Company Name: OSF Healthcare System
Address: 800 N.E. Glen Oak Avenue Peoria, IL 61603
Telephone Number: 309-308-9656
E-mail Address: mark.e.hohulin@osfhealthcare.org
Fax Number: 309-308-0530

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Presence Central and Suburban Hospitals Network
Address of Site Owner: 81400 West Park Avenue, Urbana 61801
Street Address or Legal Description of the Site: 81400 West Park Avenue, Urbana 61801
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: Presence Central and Suburban Hospitals Network d/b/a Presence United Samaritans Medical Center	
Address: 812 North Logan Street Danville 61832	
☒ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
☐ Limited Liability Company	☐ Sole Proprietorship ☐ Other
- 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 organized and the name and address of each partner specifying whether each is a general or limited partner. - o 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 N/A

[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.illinois.gov/sites/hfsrb](http://www.illinois.gov/sites/hfsrb)).

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

Historic Resources Preservation Act Requirements N/A

[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:

- ☒ Change of Ownership
- ☐ Discontinuation of an Existing Health Care Facility or of a category of service
- ☐ Establishment or expansion of a neonatal intensive care or beds

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.

Presence Health Network and Presence Central and Suburban Hospitals Network (collectively "Presence") have agreed to sell to OSF Healthcare System ("OSF") its acute care hospitals located in Danville and Urbana, Illinois (Presence United Samaritans Medical Center and Presence Covenant Medical Center, respectively, hereafter the "Facilities"), as well as associated ambulatory, non-hospital practice sites in Danville and Urbana. The structure of the transaction is an Asset Purchase, with assets to be acquired by OSF including all real and personal property related to the hospitals and practice sites (all such hospitals and practice sites collectively referred to as the "Assets").

Subject to all regulatory approvals, OSF will purchase the Assets at a total purchase price of \$185 million minus a calculation for net working capital. Solely for the submission of this (these) COE(s) and not for any other purpose, the allocation of the purchase price for United Samaritans Medical Center is \$74,000,000.00 and for Covenant Medical Center is \$111,000,000.00. This allocation was determined by OSF in part by a multiple of operating revenue.

OSF will consider and make offers of employment to those employees of Presence who are affected by the transaction, provided they are eligible for employment under OSF's standard human resource policies and practices. Employees of Presence who accept offers of employment with OSF will receive credit for service with Presence under OSF's paid time off and certain other employee benefit arrangements. The respective medical staffs of the hospitals will continue to remain in place.

Following OSF's acquisition, the Assets will continue to be operated (as in the past) in accordance with the teachings of the Roman Catholic Church and all applicable federal and state laws and regulations. Operational standards and excellence in patient care at the Facilities will be consistent with OSF's ten (10) other acute care facilities in Illinois, all of which are in good standing with this Board and the Illinois Department of Public Health. The license will change for both Facilities, as OSF Healthcare System will become the licensee versus Presence. OSF intends to re-name the Facilities in accordance with its internal process, with such names to be announced at a later date. OSF has agreed to continue operation of the Facilities for a period of at least eight (8) years following the closing of the transaction, unless at any time after five (5) years OSF determines reasonably that market or industry conditions have occurred that impact OSF's ability to operate the Facilities without undue risk. OSF will establish one or more community boards for each Facility, to ensure continued local community input regarding services provided by the Facilities. OSF will also implement its standard charity care policies at each Facility following the acquisition, and which are at least as generous as those in effect currently under Presence.

The parties anticipate completing the transaction on or around February 1, 2018. The Illinois Health Facilities & Services Review Board will be notified within thirty days of the change of ownership occurring.

Project Costs and Sources of Funds (Neonatal Intensive Care Services only)

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	N/A	N/A	N/A
Contingencies	N/A	N/A	N/A
Architectural/Engineering Fees	N/A	N/A	N/A
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	N/A	N/A	N/A
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	N/A	N/A	N/A
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	N/A	N/A	N/A
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	N/A	N/A	\$N/A
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	N/A	N/A	N/A
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
TOTAL SOURCES OF FUNDS	N/A	N/A	N/A

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

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: <u>\$111,000,000.00</u> (combined land and facility price; land was not separately valued) Fair Market Value: \$ <u>As above</u>
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 \$ <u>N/A</u>

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): Anticipated on or around 02/01/18
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): N/A ☐ 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.

CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- 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 Presence Health Network *
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.

Michael Englehart
SIGNATURE

Michael Englehart
PRINTED NAME

Chief Executive Officer
PRINTED TITLE

Jeannie C. Frey
SIGNATURE

Jeannie Carmedelle Frey
PRINTED NAME

Chief Legal Officer & Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 13 day of September, 2017

Notarization:
Subscribed and sworn to before me
this 13th day of September, 2017

Kimberly A. Rellinger
Signature of Notary
Seal **OFFICIAL SEAL**
KIMBERLY A. RELLINGER
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 2/8/18
*Insert the EXACT legal name of the applicant

Lori B. Brinker
Signature of Notary
Seal **OFFICIAL SEAL**
LORI B. BRINKER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 04/05/18

CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- 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 Presence Central and Suburban Hospitals Network * 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.

JKelley
SIGNATURE

James Kelley
PRINTED NAME

Treasurer
PRINTED TITLE

Jeannie C. Frey
SIGNATURE

Jeannie Carmedelle Frey
PRINTED NAME

Secretary
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 13th day of September, 2017

Notarization:

Subscribed and sworn to before me
this 13th day of September, 2017

Lori B. Brinker
Signature of Notary
Seal
OFFICIAL SEAL
LORI B BRINKER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/05/18

*Insert the EXACT legal name of the applicant

Lori B. Brinker
Signature of Notary
Seal
OFFICIAL SEAL
LORI B BRINKER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/05/18

CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- 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 OSF Healthcare System *
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.

Kevin Schoepflein
SIGNATURE

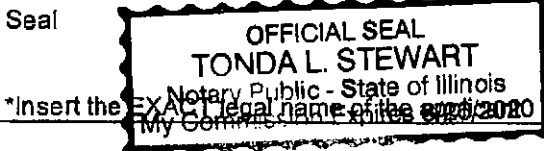
Kevin Schoepflein
PRINTED NAME

Chief Executive Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 3rd day of August

Tonda L. Stewart
Signature of Notary

Seal



*Insert the EXACT legal name of the entity

Robert C. Sehring
SIGNATURE

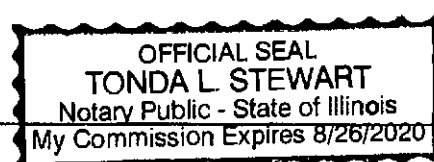
Robert Sehring
PRINTED NAME

Chief Operating Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 3rd day of August 2017

Tonda L. Stewart
Signature of Notary

Seal



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 (Not applicable to Change of Ownership)

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 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 V. CHANGE OF OWNERSHIP (CHOW)

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(2) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X
1130.520(b)(2) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X

1130.520(b)(2) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(2) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(2) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(2) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility	X
1130.520(b)(2)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

Application for Change of Ownership Among Related Persons

When a change of ownership is among related persons, and there are no other changes being proposed at the health care facility that would otherwise require a permit or exemption under the Act, the applicant shall submit an application consisting of a standard notice in a form set forth by the Board briefly explaining the reasons for the proposed change of ownership. [20 ILCS 3960/8.5(a)]

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

SECTION VII. 1120.130 - FINANCIAL VIABILITY - NOT APPLICABLE

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

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 17, 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.

2. 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 18, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM:

SECTION X. CHARITY CARE INFORMATION (CHOW ONLY)

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			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 21 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	
2	Site Ownership	
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	
5	Flood Plain Requirements	
6	Historic Preservation Act Requirements	
7	Project and Sources of Funds Itemization	
8	Financial Commitment Document if required	
9	Cost Space Requirements	
10	Discontinuation	
11	Background of the Applicant	
12	Purpose of the Project	
13	Alternatives to the Project	
	Service Specific:	
14	Neonatal Intensive Care Services	
15	Change of Ownership	
	Financial and Economic Feasibility:	
16	Availability of Funds	
17	Financial Waiver	
18	Financial Viability	
19	Economic Feasibility	
20	Safety Net Impact Statement	
21	Charity Care Information	

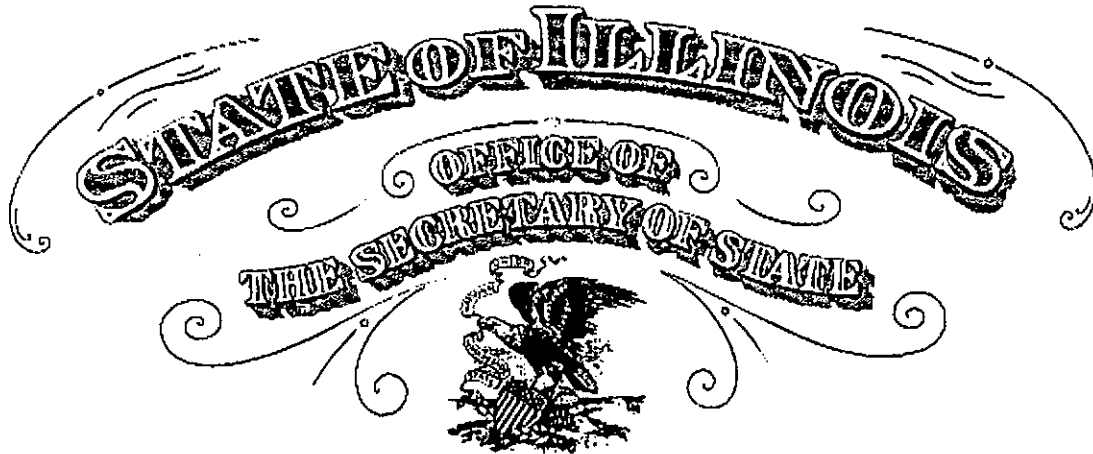
**PRESENCE HEALTH NETWORK, PRESENCE CENTRAL AND SUBURBAN HOSPITALS NETWORK
AND OSF HEALTHCARE SYSTEM'S – CERTIFICATES OF GOOD STANDING**

See attached.

ATTACHMENT 1

File Number

0107-414-8



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

OSF HEALTHCARE SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 02, 1980, 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.



Authentication #: 1820302252 verifiable until 10/19/2017
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 19TH
day of OCTOBER A.D. 2016 .

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

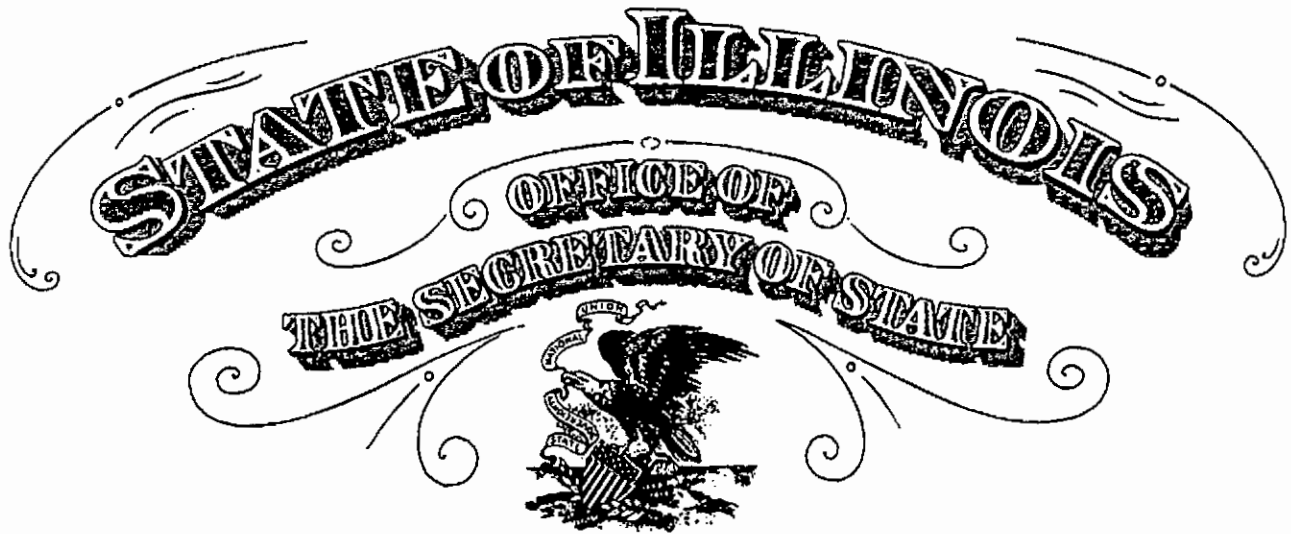
PRESENCE HEALTH NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 05, 1939, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 23RD
day of JUNE A.D. 2017 .

Jesse White

SECRETARY OF STATE



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

PRESENCE CENTRAL AND SUBURBAN HOSPITALS NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1997, 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.

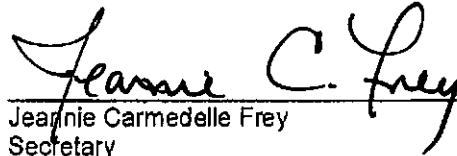


***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 23RD
day of JUNE A.D. 2017 .***

Jesse White

SECRETARY OF STATE

Presence Covenant Medical Center's site is owned by Presence Central and Suburban Hospitals Network. The site will be conveyed to OSF Healthcare System as part of this proposed change of ownership.



Jeannie Carmedelle Frey
Secretary
Presence Central and Suburban Hospitals Network

Subscribed and sworn to before me
This 13th day of September, 2017

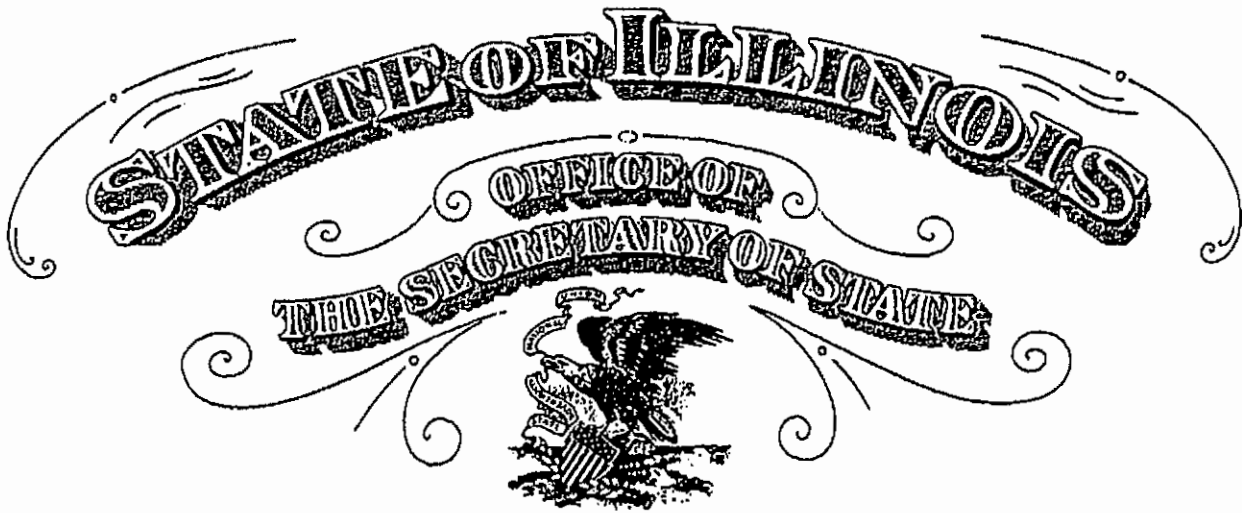

Notary Public



ATTACHMENT 2

OPERATING IDENTITY/LICENSEE - PRESENCE COVENANT MEDICAL CENTER

See attached for Presence Central and Suburban Hospitals Network d/b/a Presence Covenant Medical Center.



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

PRESENCE CENTRAL AND SUBURBAN HOSPITALS NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1997, 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.

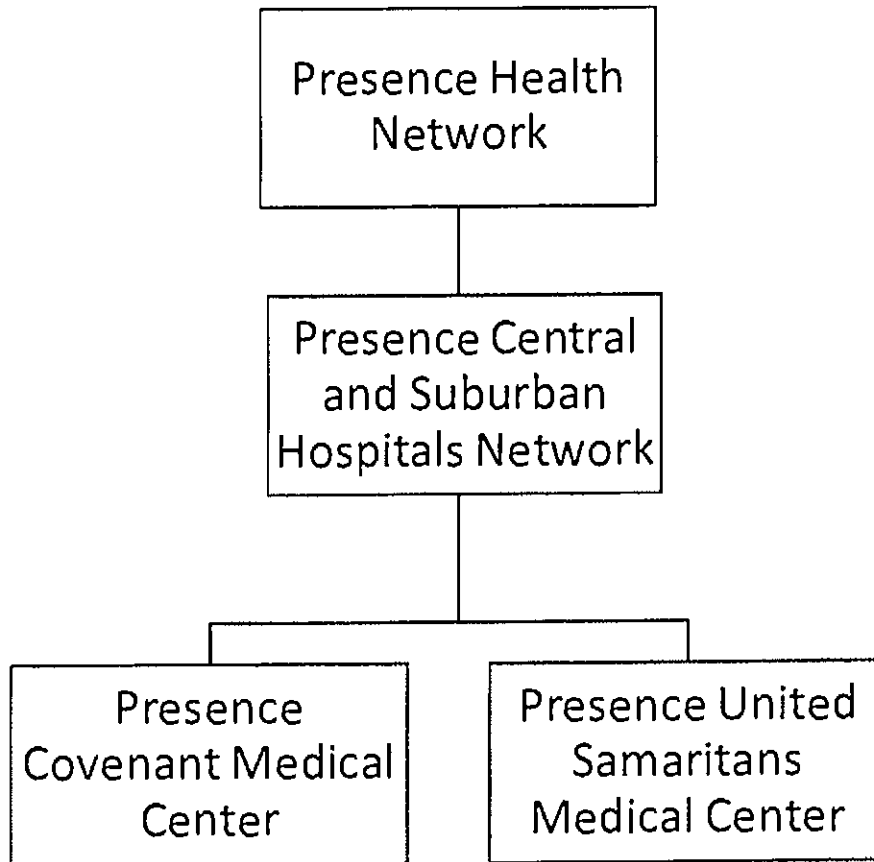


In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 23RD
day of JUNE A.D. 2017 .

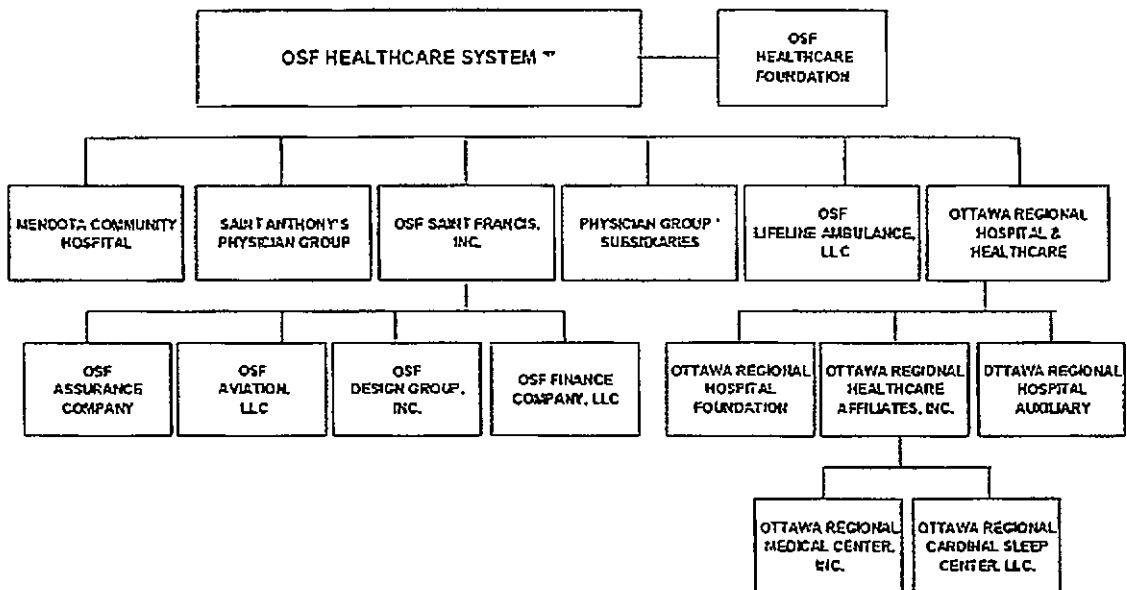
Jesse White

SECRETARY OF STATE

**PRESENCE HEALTH NETWORK ORGANIZATIONAL CHART
(Pre-CHOW)**



OSF HEALTHCARE SYSTEM AND RELATED CORPORATIONS
CORPORATE STRUCTURE



*OSF Physician Group Subsidiaries
 OSF Multi-Specialty Group
 OSF Multi-Specialty Group - Proton, LLC
 OSF Multi-Specialty Group - Eastern Region, LLC
 OSF Multi-Specialty Group - Western Region, LLC
 OSF Heart & Vascular Institute
 Cardiovascular Institute at OSF, LLC
 HeartWare Medical, LLC
 Children's Hospital of Illinois Medical Group
 OSF Children's Medical Group - Comprehensive Heart Center, LLC
 OSF Pediatric Associates, LLC
 Illinois Neuroscience Institute
 Illinois Neurological Institute - Physicians, LLC
 Illinois Radiology Services, LLC
 Illinois Specialty Physicians Services at OSF, LLC

**OSF Healthcare System
 OSF Saint Francis Medical Center
 OSF Saint Anthony Medical Center
 OSF St. Joseph Medical Center
 OSF Saint Joseph-Wendell W. Allen Medical Center
 OSF St. Mary's Medical Center
 OSF Holy Family Medical Center
 OSF St. Francis Hospital
 OSF Saint Luke Medical Center
 OSF Saint Anthony's Health Center
 Providence Covenant Medical Center (to be retained upon closing)
 Providence United Samaritan Medical Center (to be retained upon closing)
 OSF Home Care Services
 OSF Medical Group
 Cardiovascular Services
 Neurovascular Services
 Children's Services
 Ambulatory Services

BACKGROUND OF THE APPLICANT

See attached hospital license and Joint Commission accreditation information



**Illinois Department of
PUBLIC HEALTH**

HF112051

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

EXPIRATION DATE	CATEGORY	ID NUMBER
12/31/2017		0004861
General Hospital		
Effective: 01/01/2017		

**Presence Central and Suburban Hospitals Network
dba Presence Covenant Medical Center
1400 West Park Avenue**

Urbana, IL 61801

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 12/31/2017

Lic Number 0004861

Date Printed 10/26/2016

Presence Central and Suburban Hospi
dba Presence Covenant Medical Cent
1400 West Park Avenue
Urbana, IL 61801

FEE RECEIPT NO.

Presence Covenant Medical Center

Urbana, IL

has been Accredited by

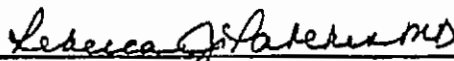


The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the
Hospital Accreditation Program

October 8, 2014

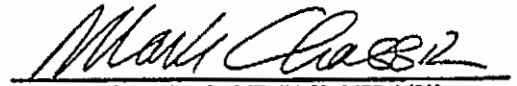
Accreditation is customarily valid for up to 36 months.



Rebecca J. Patchin, MD
Chair, Board of Commissioners

ID #4968

Print/Reprint Date: 12/10/2014



Mark R. Chassin, MD, FACP, MPP, MPH
President

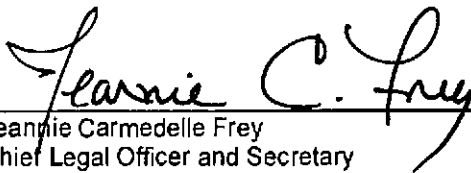
The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.



BACKGROUND OF THE APPLICANT

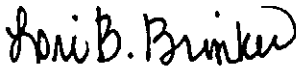
Presence Covenant Medical Center does hereby attest no adverse action, as that term is defined in the rules of the Illinois Health Facilities and Services Review Board, has been taken against it in the three (3) years preceding this application.

In addition, it authorizes the HFSRB and IDPH to access information necessary to verify information submitted in this application.



Jeannie Carmedelle Frey
Chief Legal Officer and Secretary
Presence Health Network

Subscribed and sworn to before me
This 27 day of September, 2017.



Notary Public

<Seal>

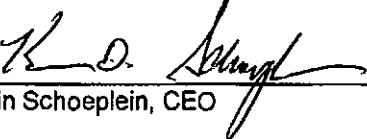


ATTACHMENT 11

BACKGROUND OF THE APPLICANT

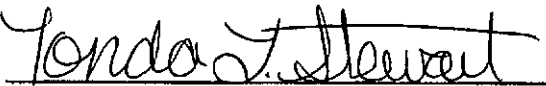
OSF Healthcare System does hereby attest no adverse action, as that term is defined in the rules of the Illinois Health Facilities and Services Review Board, has been taken against it in the three (3) years preceding this application.

In addition, it authorizes the HFSRB and IDPH to access information necessary to verify information submitted in this application.



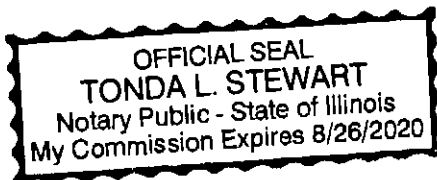
Kevin Schoeplein, CEO

Subscribed and sworn to before me
This 3rd day of August 2017.



Notary Public

<Seal>



ATTACHMENT 11

APPLICABLE REVIEW CRITERIA

1130.520(b)(1)(A) - Names of the parties

The parties to the change of ownership are OSF Healthcare System, Presence Health Network and Presence Central and Suburban Hospitals Network.

1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.

See attached certification for OSF Healthcare System, the entity acquiring the assets comprising Presence Covenant Medical Center.

1130.520(b)(1)(C) - Structure of the transaction

The structure is an asset acquisition and OSF Healthcare System will own and operate the licensee after the transaction is complete.

1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction

OSF Healthcare System will d/b/a Covenant Medical Center until such time as it changes the name consistent with its internal facility naming process. A corporate name change will be filed with the Illinois Secretary of State.

1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.

For the ownership structure pre and post the transaction, please see attachment 4. OSF Healthcare System will become the 100% owner and operator of Covenant Medical Center in Urbana, Illinois.

1130.520(b)(1)(F) - Fair market value of assets to be transferred.

\$111,000,000.00 (NOTE: This allocated value is solely for COE purposes. The combined purchase price for both United Samaritans Medical Center and Covenant Medical Center, for which an application for exemption is submitted simultaneously, is \$185,000,000. The two facilities are being acquired together, at the same time, and the changes of ownership are dependent upon each other.)

1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]

\$111,000,000.00 (see above)

1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section

Not applicable for Covenant Medical Center.

1130.520(b)(2) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction

OSF Healthcare System affirms that the charity care policy at Covenant Medical Center will not be more restrictive than its current form, and that its current charity care policy will remain in place and/or be less restrictive for a minimum period of two years from the change of ownership.

APPLICABLE REVIEW CRITERIA CONTINUED

1130.520(b)(2) - A statement as to the anticipated benefits of the proposed changes in ownership to the community

The community will benefit from the continued operation of the hospital by OSF Healthcare System, which operates many hospitals in communities similar to Champaign/Urbana, Illinois and by the available capital and resources of OSF Healthcare System.

1130.520(b)(2) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;

Unknown at this time.

1130.520(b)(2) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;

Both Presence Health Network and OSF Health System have extensive and focused quality improvement and monitoring programs, policies and procedures. OSF will maintain, initially, the current QI programs in place, and will review same post change of ownership to align same with OSF's overall system wide quality improvement and monitoring policies, if necessary.

1130.520(b)(2) - A description of the selection process that the acquiring entity will use to select the facility's governing body;

The governing body will be the Board of Directors of OSF Healthcare System is appointed by the Sisters of the Third Order of Saint Francis.

1130.520(b)(2) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility

A description of the transaction has been prepared and is available for public review at the facility.

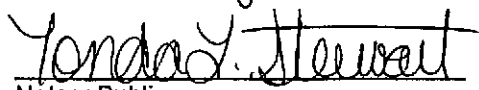
1130.520(b)(2)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

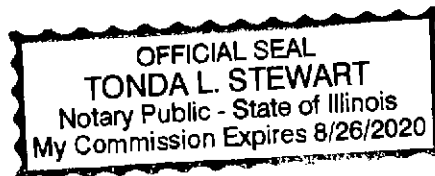
None planned at this time.

OSF Healthcare System ("OSF") certifies it has had no adverse action, as that term is defined by the Illinois Health Facilities and Services Review Board ("Board") rules, taken against it in the past three (3) years. All of its hospitals are in good standing with the Board, Illinois Department of Public Health and Joint Commission. OSF has a bond rating of A or better (see attached), and the financial resources to continue the operations of Presence Covenant Medical Center as described in this application.


Kevin Schoeplein, CEO
OSF Health Care System

Subscribed and sworn to before me
This 31st day of August, 2017


Notary Public



ATTACHMENT 15

Moody's INVESTORS SERVICE

CREDIT OPINION

6 September 2016

New Issue

Rate this Research >>

Contacts

Lisa Martin 212-553-1423
Senior Vice President
lisa.martin@moody's.com

Beth L. Wexler 212-553-1304
VP-Sr Credit Officer
beth.wexler@moody's.com

OSF Healthcare System, IL

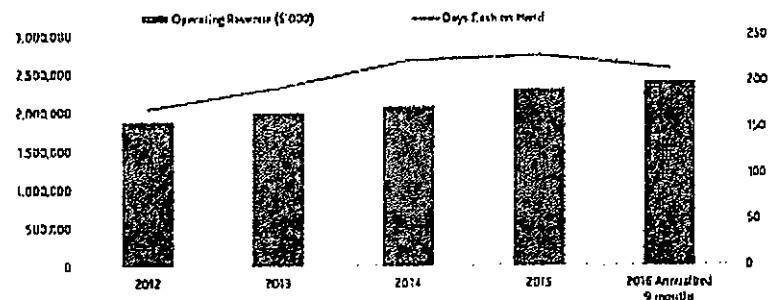
New Issue – Moody's Assigns A2 to OSF Healthcare System's (IL) Ser. 2016; Outlook Stable

Summary Rating Rationale

Moody's Investors Service assigns an A2 to OSF Healthcare System's \$114 million of proposed Series 2016 fixed rate bonds to be issued by the Illinois Finance Authority. The bonds are expected to mature in 2039. The A2 on approximately \$950 million of outstanding debt is affirmed. The outlook is stable.

The A2 is based on OSF's large presence as a multi-site system in northern, central, and southern Illinois, leading market position in the largest market, and strong and liquid investment position. OSF's challenges include higher-than-average direct leverage, sizable indirect obligations, competition in most markets, and variable operating performance.

Exhibit 1
Good Liquidity During Period of Revenue Growth



Source: Moody's Investors Service

Credit Strengths

- » Large, multi-site system in northern, central, and southern Illinois with close to \$2.5 billion in revenue, supported by investments in physicians and facilities and progressive IT capabilities
- » Leading market position and regional referral draw for OSF's flagship location in Peoria
- » Very good and liquid investment position with 214 days cash on hand at June 30, 2016
- » Manageable debt structure risks with over 300% monthly liquidity-to-demand debt

Credit Challenges

- » Strong competition in largest markets with competitors owned or closely affiliated with larger parent organizations
- » High leverage with relatively high 4.2 times debt-to-cashflow and 49% direct debt-to-revenue and moderate 111% cash-to-direct debt
- » Sizeable indirect debt, including operating lease and pension obligations, driving modest 68% cash-to-comprehensive debt
- » History of variable operating cashflow margins, including decline in FY2016 following two years of improvement

Rating Outlook

The stable outlook reflects expectations that OSF's operating and strategic investments will stabilize margins. The outlook incorporates an assumption of no incremental leverage and manageable capital spending levels, which should drive investment growth levels and balance sheet deleveraging.

Factors that Could Lead to an Upgrade

- » Significant reduction in balance sheet leverage, including pension obligation
- » Reduction in operating leverage (debt-to-cashflow and debt-to-revenue)
- » Sustained improvement in operating cashflow margin

Factors that Could Lead to a Downgrade

- » Materially dilutive acquisition or merger
- » Prolonged decline in margins
- » Meaningful increase in leverage

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 2
OSF Healthcare System, IL

	2012	2013	2014	2015	2016 Annual/roll 9 months
Operating Revenue (\$'000)	1,664,151	1,994,944	2,087,760	2,308,546	2,400,397
3 Year Operating Revenue CAGR (%)	6.3	7.6	5.6	7.0	6.4
Operating Cash Flow Margin (%)	7.8	5.8	6.9	10.0	8.3
FM Medicare (%)	44.6	44.1	45.3	45.7	N/A
FM Medicaid (%)	15.9	15.3	16.1	20.0	N/A
Days Cash on Hand	171	194	223	229	214
Free-started Cash and Investments to Total Debt (%)	113.7	115.6	120.0	114.9	111.4
Total Debt to Cash Flow (x)	4.2	4.6	3.4	3.8	4.2

Based on OSF Healthcare System and Subsidiaries, audits ended September 30; fiscal year 2016 reflects unaudited nine months ended June 30 annualized.
Non-recurring items or adjustments: All years exclude gifts and investment income from operating revenue and deductively net settlement of derivatives to operating expenses. FY15 excludes \$10.6 million of prior period supplemental Medicaid payments.
Investment returns normalized at 6% prior to FY 2015 and 5% in FY 2015 and beyond.
Source: Moody's Investors Service

Recent Developments

Recent developments are incorporated into the Detailed Rating Considerations section.

Detailed Rating Considerations

Market Position: Large Multi-Site System Operating in Competitive Markets

Over the last several years, OSF has been consolidating and integrating clinical and support areas to reduce variation, improve quality, and improve productivity and reduce costs. The system's flagship hospital in Peoria has benefitted from significant investments with increased volumes from a broader regional service area and higher acuity. OSF completed the installation of an electronic medical record (EMR) system several years ago, which allows more advanced predictive analysis. The system has invested heavily in care coordinators in most regions to support population health management. These strategies are allowing OSF to take on more shared savings and risk arrangements with payers.

OSF continues to make investments in facilities and physicians to compete in competitive markets. Most of OSF's competitors are owned or closely aligned with large healthcare systems. OSF has maintained a strong leading market position in the Peoria market. The system's second largest market in Rockford is very competitive with two other providers, both of which are part of Wisconsin-based systems that are investing in upgrading facilities. OSF's capital investment in Rockford, discussed below, will enhance its competitive position in the market.

Operating Performance, Balance Sheet and Capital Plans: Variable Margins But Very Good Liquidity

Following two years of improved performance through FY 2015, the system reported a decline nine months year-to-date FY 2016. Adjusted for the items noted below, OSF had a 8.3% operating cashflow margin year-to-date FY 2016, compared with 10% for full FY 2015. Volume growth in 2016 has been strong, driving same-facility revenue growth of 4%. OSF has also benefitted from Medicaid expansion and supplemental payments. The operating decline was primarily due to a large increase in contractual allowances related to prior year revenue following the installation of a new software to estimate receivables collections, increased pharmaceutical costs and a reserve related to estimated losses under the Medicare NextGen ACO payment model. Performance by region is mixed. The Peoria area has been strong due to volume growth, especially in more profitable regional referrals and ambulatory services. Rockford has experienced sizable losses, more recently due to the contractual adjustments noted above. Some of the smaller hospitals experienced losses, including newly acquired Alton.

The system's operating and strategic initiatives should help the system mitigate challenges affecting FY 2016. OSF is in the third year of a 4-year cost reduction program and reports achieving over \$140 million in improvements to date. Major initiatives include reimbursement opportunities, productivity improvement, and supplies.

Capital spending is increasing in FY 2016 but at manageable levels relative to cashflow. Spending is projected at approximately \$190 million and \$170 million in FY 2016 and FY 2017, respectively, averaging 1.6 times depreciation expense, and will be funded with bond proceeds from the Series 2015 offering and cashflow. The largest project is a \$85 million bed pavilion in the Rockford market.

LIQUIDITY

OSF's liquidity is very good with 214 days cash on hand at June 30, 2016. While capital spending is increasing, it is under current operating cashflow levels, which should allow the system at least to maintain liquidity. OSF maintains a conservative and liquid asset allocation with 72% invested in cash and fixed income at FYE 2015. OSF has been negatively affected by high Medicaid receivables.

Debt Structure and Legal Covenants: High Direct and Indirect Leverage

OSF has higher than average balance sheet and operating leverage including a high 4.2 times debt-to-cashflow and moderate 111% cash-to-direct debt based on annualized year-to-date FY 2016 results. Maximum annual debt service coverage is below average at 4.0 times. No incremental leverage is expected at this time.

DEBT STRUCTURE

Debt structure risks are manageable with over 300% monthly liquidity-to-demand debt. Demand debt, including bank provided letters of credit and private placements, are diversified among banks and commitment periods. OSF has ample room under financial covenants, which include 1.1 times debt service coverage and 75 or 80 days cash on hand, depending on whether covenants apply to banks or insurers.

DEBT-RELATED DERIVATIVES

As of June 30, 2016 OSF is a party to numerous interest rate swap agreements with a total notional amount of \$457 million, including an interest rate lock related to the Series 2016 bonds, which will be terminated in conjunction with the Series 2016 bond issuance. As of June 30, 2016, the cumulative mark to market valuation of the swaps was a negative \$76 million (based on management data). The fixed payer swaps are insured by Assured Guaranty. Collateral posting is not required unless Assured's rating falls below A3 or the equivalent by at least one rating agency; the system has not had to post collateral.

PENSIONS AND OPEB

OSF's pension plan is a Church plan and, therefore, not subject to ERISA requirements. The plan was frozen in March 2011. The system's philosophy has been to fund at pension expense levels. However, compared with other health systems, the pension obligation is large at \$349 million at FYE 2015 (60% funded), despite a decline following a \$50 million contribution last year. Combined with operating leases, cash-to-comprehensive debt is moderate at 68% for fiscal year 2015. In May 2016, litigation was filed challenging OSF's Church plan status. Given uncertainties regarding the outcome of this litigation, the rating does not incorporate any potential funding requirements.

Management and Governance

OSF has been migrating from a holding company model to a consolidated and integrated model, which we view favorably in allowing more effective and timely execution of operating and strategic initiatives. Most recently, the system's physician enterprise was consolidated into one multi-specialty group as of January 2016. The system has a disciplined approach to capital spending which is tied to cashflow generation at the individual hospitals.

Legal Security

Legal security for the bonds is a security interest in the Unrestricted Receivables of the Members of the Obligated Group, which make up most of the system. Members of the Obligated Group include OSF Healthcare System (which includes most system hospitals), Ottawa Regional Hospital & Healthcare Center, Ottawa Regional Hospital Foundation, Saint Anthony's Physician Group (Alton) and the OSF Multi-Specialty Group. Saint Anthony's Physician Group will withdraw from the obligated group since all virtually practitioners and assets have been moved to the OSF Multi-Specialty Group.

Use of Proceeds

Proceeds of the Series 2016 bonds will be primarily used to refund certain maturities of the Series 2010A bonds.

Obligor Profile

OSF Healthcare System operates eleven acute care hospitals and a large multi-specialty physician group. Ten of the system's hospitals are located in Illinois; OSF also owns a small critical access hospital in the Upper Peninsula of Michigan. The System's largest hospital, OSF Saint Francis Medical Center in Peoria, Illinois, is a 609-licensed bed tertiary care teaching center.

Methodology

The principal methodology used in this rating was Not-for-Profit Healthcare Rating Methodology published in November 2015. Please see the Ratings Methodologies page on www.moodys.com for a copy of this methodology.

Ratings

Exhibit 3

OSF Healthcare System

Issue	Rating
Revenue Bonds, Series 2016	A2
Rating Type	Underlying LT
Sale Amount	\$113,670,000
Expected Sale Date	09/15/2016
Rating Description	Revenue: Other

Source: Moody's Investors Service

© 2016 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, MARKET VALUE RISK, OR PRICING VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHILE MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability in any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any negligence within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby disclaims that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and related entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations - Corporate Governance - Director and Shareholder Affiliation Policy".

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited (AFSL No. 3093651451/316069) and/or Moody's Analytics Australia Pty Ltd (AFSL No. 105136772/AFSL 383169) (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any loan of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJJK") is a wholly owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly owned subsidiary of MCO. Moody's SF Japan K.K. ("MSF") is a wholly owned credit rating agency subsidiary of MJJK. MSF is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSF are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJJK and MSF are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Rating) No. 2 and 3 respectively.

MJJK or MSF (as applicable) hereby disclaims that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJJK or MSF (as applicable) have, prior to assignment of any rating, agreed to pay to MJJK or MSF (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY30,000,000.

MJJK and MSF also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1039421

FINANCIAL VIABILITY

MOODY'S INVESTORS SERVICE

U.S. PUBLIC FINANCE

Contacts

Lisa Martin
Senior Vice President
lisa.martin@moody's.com

212-553-1423

Beth I. Wexler
VP-Sr Credit Officer
beth.wexler@moody's.com

212-553-1384

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Moody's
INVESTORS SERVICE

7 6 September 2016

OSF Healthcare System, IL: New Issue - Moody's Assigns A2 to OSF Healthcare System's (IL) Sec. 2016; Outlook: Stable

ATTACHMENT 17

CHARITY CARE INFORMATION

PRESENCE COVENANT MEDICAL CENTER¹			
CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	\$131,770,397	\$136,426,143	\$140,007,171
Amount of Charity Care (charges)	\$16,493,399	\$14,948,440	\$12,450,457
Cost of Charity Care	\$3,186,784	\$3,049,974	\$2,202,545

1 – Information provided from final numbers filed with Illinois Attorney General and in Form 990

OSF HEALTHCARE SYSTEM			
CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	1,800,620,959	1,917,020,581	1,970,497,456
Amount of Charity Care (charges)	221,417,876	123,694,713	131,815,716
Cost of Charity Care	45,062,165	24,351,000	25,170,596

ATTACHMENT 21