

E-002-18

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- 01/2017 Edition
Center for Ambulatory Surgery (1A)

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.

JAN 12 2018

Facility/Project Identification

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: Musculoskeletal Surgery Center, LLC (Change of Ownership)
Street Address: 303 N. William Kumpf Blvd.
City and Zip Code: Peoria, Illinois 61605
County: Peoria Health Service Area 002 Health Planning Area: 143

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

Exact Legal Name: Center for Health Ambulatory Surgery Center, LLC (Co-applicant)
Street Address: 8800 North State Route 91
City and Zip Code: Peoria, Illinois 61615
Name of Registered Agent: Illinois Service Corporation C
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield, Illinois 62703
Name of Chief Executive Officer: Thomas J. Feldman
CEO Street Address: 8800 North State Route 91
CEO City and Zip Code: Peoria, Illinois 61615
CEO Telephone Number: 309-683-5480

Type of Ownership of Applicants (Center for Health Ambulatory Surgery Center, LLC)

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> 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: Edwin W. Parkhurst, Jr.
Title: Managing Principal
Company Name: PRISM Healthcare Consulting
Address: 800 Roosevelt Road, Building E, Suite 110, Glen Ellyn, Illinois 60137
Telephone Number: 630-790-5089
E-mail Address: eparkhurst@consultprism.com
Fax Number: 630-790-2696

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

Name: Thomas J. Feldman
Title: Administrator
Company Name: Center for Health Ambulatory Surgery Center, LLC
Address: 8800 North State Route 91, Peoria, Illinois 61615
Telephone Number: 309-683-5480
E-mail Address: tfeldman@cfhasc.com
Fax Number: 309-683-4496

**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: Musculoskeletal Surgery Center, LLC (Change of Ownership)			
Street Address: 303 N. William Kumpf Blvd.			
City and Zip Code: Peoria, Illinois 61605			
County: Peoria	Health Service Area	002	Health Planning Area: 143

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

Exact Legal Name: OSF Healthcare System d/b/a Saint Francis Medical Center (Co-applicant)	
Street Address: 800 NE Glen Oak Avenue	
City and Zip Code: Peoria, Illinois 61603	
Name of Registered Agent: Sister Theresa Ann Brazeau OSF	
Registered Agent Street Address: 1125 Saint Francis Lane	
Registered Agent City and Zip Code: East Peoria, Illinois 61611	
Name of Chief Executive Officer: Robert Sehring (CEO, OSF Healthcare System)	
CEO Street Address: 800 NE Glen Oak Avenue	
CEO City and Zip Code: Peoria, Illinois 61603	
CEO Telephone Number: 309-655-2850	

Type of Ownership of Applicants (OSF Healthcare System, d/b/a Saint Francis Medical Center)

<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	<input type="checkbox"/>	Other
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental		
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship		
<ul style="list-style-type: none"> 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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Name: Thomas J. Feldman
Title: Administrator
Company Name: Center for Health Ambulatory Surgery Center, LLC
Address: 8800 North State Route 91, Peoria, Illinois 61615
Telephone Number: 309-683-5480
E-mail Address: tfeldman@cfhasc.com
Fax Number: 309-683-4496

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

**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: Musculoskeletal Surgery Center, LLC (Change of Ownership)			
Street Address: 303 N. William Kumpf Blvd.			
City and Zip Code: Peoria, Illinois 61605			
County: Peoria	Health Service Area	002	Health Planning Area: 143

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

Exact Legal Name: Musculoskeletal Surgery Center, LLC	
Street Address: 303 N. William Kumpf Blvd.	
City and Zip Code: Peoria, Illinois 61605	
Name of Registered Agent: William H. Campbell	
Registered Agent Street Address: 401 Main Street, Suite 1600	
Registered Agent City and Zip Code: Peoria, Illinois 61602	
Name of Chief Executive Officer: Jeffrey R. Garst, MD, President	
CEO Street Address: 303 N. William Kumpf Blvd.	
CEO City and Zip Code: Peoria, Illinois 61605	
CEO Telephone Number: 309-676-5559	

Type of Ownership of Applicants (Musculoskeletal Surgery Center, LLC)

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/> Other
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Title: Managing Principal
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E-mail Address: eparkhurst@consultprism.com
Fax Number: 630-790-2696

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

Name: Thomas J. Feldman
Title: Administrator
Company Name: Center for Health Ambulatory Surgery Center, LLC
Address: 8800 North State Route 91, Peoria, Illinois 61615
Telephone Number: 309-683-5480
E-mail Address: tfeldman@cfhasc.com
Fax Number: 309-683-4496

Post Exemption Permit Contact (Center for Health Ambulatory Surgery Center, LLC.)
 [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: Thomas J. Feldman
Title: Administrator
Company Name: Center for Health Ambulatory Surgery Center, LLC
Address: 8800 North State Route 91, Peoria, Illinois 61615
Telephone Number: 309-683-5480
E-mail Address: tfeldman@cfhasc.com
Fax Number: 309-683-4496

Site Ownership (Center for Health Ambulatory Surgery Center, LLC)
 [Provide this information for each applicable site]

Exact Legal Name of Site Owner: OSF Healthcare System
Street Address: 800 NE Glen Oak Avenue, Peoria, Illinois 61603

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: Center for Health Ambulatory Surgery Center, LLC			
Address: 8800 North State Route 91, Peoria, Illinois 61615			
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none"> 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.

Post Exemption Permit Contact (OSF Healthcare System)

[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, Illinois 61603
Telephone Number: 309-308-9656
E-mail Address: mark.e.hohulin@osfhealthcare.org
Fax Number: 309-308-0530

Site Ownership (OSF Healthcare System, d/b/a Saint Francis Medical Center)

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: OSF Healthcare System
Street Address: 800 NE Glen Oak Avenue, Peoria, Illinois 61603

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: OSF Healthcare System, d/b/a Saint Francis Medical Center
Address: 800 NE Glen Oak Avenue, Peoria, Illinois 61603

- | | | |
|--|--|--------------------------------|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership | |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental | |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
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Post Exemption Permit Contact (Musculoskeletal Surgery Center, LLC.)

[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: Thomas J. Feldman
Title: Administrator
Company Name: Center for Health Ambulatory Surgery Center, LLC
Address: 8800 North State Route 91, Peoria, Illinois 61615
Telephone Number: 309-683-5480
E-mail Address: tfeldman@cfhasc.com
Fax Number: 309-683-4496

Site Ownership (Musculoskeletal Surgery Center, LLC)

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Cullinan Kumpf Medical, LLC
Street Address: 420 North Main Street, East Peoria, Illinois 61611

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: Musculoskeletal Surgery Center, LLC
Address: 303 North William Kumpf Blvd., Peoria, Illinois 61605
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> 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.

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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 (Not Applicable, Change of Ownership of an existing healthcare facility (ASTC). There is no construction)

[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 (Not Applicable, there is no construction associated with this change of ownership permit application)

[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.

Center for Health Ambulatory Surgery Center, LLC ("CFH") is a joint venture among OSF Healthcare System, d/b/a OSF Saint Francis Medical Center, Peoria ("SFMC") (which is the majority owner) and other minority members, as annually reported to the IDPH on the Ambulatory Surgical Treatment Center Questionnaire. CFH and SFMC are the co-applicants for this COE permit application.

The co-applicants seek approval from the Illinois Health Facilities and Services Review Board ("IHFSRB") for a Change of Ownership of the ambulatory surgical treatment center known as Great Plains Ambulatory Surgery Center (Facility ID 7003146), a two-room single specialty ASTC located at 303 N. Wm. Kumpf Blvd., Peoria, Illinois 61605 ("Great Plains ASC"), which is currently owned and operated by Musculoskeletal Surgery Center, LLC ("MSC").

CFH (the primary COE applicant), in conjunction with SFMC (the co-applicant), proposes to acquire from MSC certain assets and liabilities related to the Great Plains ASC, which would change the ownership and control of the licensed ASTC. Hence, the purpose of this COE permit application. After closing of the transaction, CFH would own, and would hold the license to operate, the ASTC currently known as Great Plains ASC.

Prior to the closing of the transaction, CFH will manage Great Plains ASC under a short-term Administrative Services Agreement (See Appendix A). Post-closing, CFH would manage the licensed ambulatory surgery center, as the owner of the relevant assets.

OSF and CFH would each maintain their respective operating licenses and there would be no change in services at the Great Plains ASC facility based on this proposed change in ownership.

This project is classified as non-substantive because it is a change in ownership (CHOW) of a healthcare facility.

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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	
The project involves the establishment of a new facility or a new category of service		
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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:	
<input checked="" type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>Within 90 days of IHFSRB approval</u>	
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> 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	
<input checked="" type="checkbox"/> 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:
<input checked="" type="checkbox"/> Cancer Registry (all co-applicants)
<input checked="" type="checkbox"/> APORS OSF Healthcare System (d/b/a SMFC) only; not applicable to other applicants
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits OSF Healthcare only; not applicable to other applicants
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 Center for Health Ambulatory Surgery Center, LLC * 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
Yannis Kolettis, MD

 PRINTED NAME
Board Chairman

 PRINTED TITLE



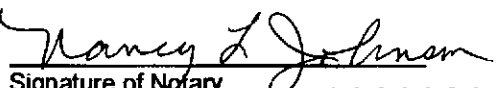
 SIGNATURE
Ryan Hendricker, MD


 PRINTED NAME
Board Member

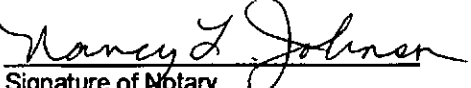
 PRINTED TITLE


Notarization:
Subscribed and sworn to before me
this 4 day of January, 2018

Notarization:
Subscribed and sworn to before me
this 5 day of January, 2018



 Signature of Notary
 Seal 



 Signature of Notary
 Seal 

*Insert the EXACT legal name of the applicant.

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 (d/b/a Saint Francis Medical Center ("SFMC")) *

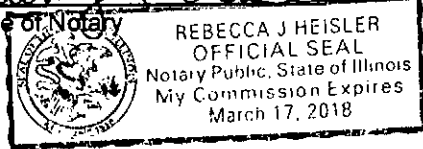
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided 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.

Robert Anderson
SIGNATURE

Robert Anderson
PRINTED NAME

President, SFMC
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8 day of January, 2018

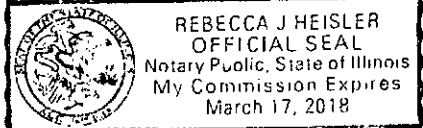
Rebecca J. Heisler
Signature of Notary

Seal

David Stenerson
SIGNATURE

David Stenerson
PRINTED NAME

Chief Financial Officer, SFMC
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8 day of January, 2018

Rebecca J. Heisler
Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

CERTIFICATION

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

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- 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 Musculoskeletal Surgery Center, LLC * 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.

Jeffrey R. Garst, MD
SIGNATURE

Jeffrey R. Garst, MD
PRINTED NAME

President
PRINTED TITLE

James W. Maxey, MD
SIGNATURE

James W. Maxey, MD
PRINTED NAME

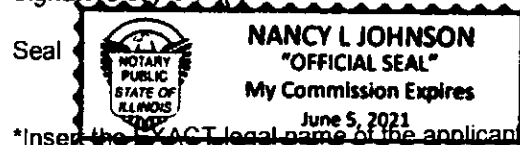
Board Member
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 4 day of January, 2018

Notarization:
Subscribed and sworn to before me
this 4 day of January, 2018

Nancy L. Johnson
Signature of Notary

Nancy L. Johnson
Signature of Notary



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	18 – 23
2	Site Ownership	24 – 34
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	35 – 40
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	41 – 44
5	Flood Plain Requirements	NA
6	Historic Preservation Act Requirements	NA
7	Project and Sources of Funds Itemization	NA
8	Financial Commitment Document if required	45
9	Cost Space Requirements	NA
10	Discontinuation	NA
11	Background of the Applicant	46 – 56
12	Purpose of the Project	NA
13	Alternatives to the Project	NA
	Service Specific:	
14	Neonatal Intensive Care Services	NA
15	Change of Ownership	57 – 62
	Financial and Economic Feasibility:	
16	Availability of Funds	NA
17	Financial Waiver	63 – 64
18	Financial Viability	NA
19	Economic Feasibility	65 – 68
20	Safety Net Impact Statement	NA
21	Charity Care Information	69 – 73
Appendix A	Administrative Services Agreement	74 – 80
Appendix B	Fair Market Value Analysis	81 – 127
Appendix C	Letter of Intent Excerpts	128 – 130

Attachments

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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

Exact Legal Name: Center for Health Ambulatory Surgery Center, LLC
Street Address: 8800 North State Route 91
City and Zip Code: Peoria, Illinois 61615
Name of Registered Agent: Illinois Service Corporation C
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield, Illinois 62703
Name of Chief Executive Officer: Thomas J. Feldman
CEO Street Address: 8800 North State Route 91
CEO City and Zip Code: Peoria, Illinois 61615
CEO Telephone Number: 309-683-5480

File Number

0195076-2



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

CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 25, 2006, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1735600668 verifiable until 12/22/2018
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 22ND day of DECEMBER A.D. 2017 .

Jesse White

SECRETARY OF STATE

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

Exact Legal Name: OSF Healthcare System d/b/a Saint Francis Medical Center
Street Address: 800 NE Glen Oak Avenue
City and Zip Code: Peoria, Illinois 61603
Name of Registered Agent: Sister Theresa Ann Brazeau OSF
Registered Agent Street Address: 1125 Saint Francis Lane
Registered Agent City and Zip Code: East Peoria, Illinois 61611
Name of Chief Executive Officer: Robert Schring
CEO Street Address: 800 NE Glen Oak Avenue
CEO City and Zip Code: Peoria, Illinois 61603
CEO Telephone Number: 309-655-2850

* Note: Robert Anderson is the President of OSF Saint Francis Medical Center, Peoria, and is authorized to certify the related information in this COE.



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, 1880, 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 #: 1735600644 verifiable until 12/22/2018
Authenticate at: <http://www.cyberdrivellinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 22ND day of DECEMBER A.D. 2017 .

Jesse White

SECRETARY OF STATE

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

Exact Legal Name: Musculoskeletal Surgery Center, LLC
Street Address: 303 N. William Kumpf Blvd.
City and Zip Code: Peoria, Illinois 61605
Name of Registered Agent: William H. Campbell
Registered Agent Street Address: 401 Main Street, Suite 1600
Registered Agent City and Zip Code: Peoria, Illinois 61602
Name of Chief Executive Officer: Jeffery R. Garst, MD. President
CEO Street Address: 303 N. William Kumpf Blvd.
CEO City and Zip Code: Peoria, Illinois 61605
CEO Telephone Number: 309-676-5559



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

MUSCULOSKELETAL SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON OCTOBER 18, 2007, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1735600884 verifiable until 12/22/2018
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 22ND day of DECEMBER A.D. 2017 .

Jesse White

SECRETARY OF STATE

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Site Ownership

[Provide this information for each applicable site]

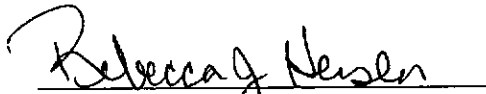
Exact Legal Name of Site Owner:
Address of Site Owner:
Street Address or Legal Description of the Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.

I, Robert Anderson, do hereby attest the site of the Center for Health Ambulatory Surgery Center, LLC, located at 8800 North State Route 91, Peoria, Illinois, 61615. is owned by the OSF Healthcare System.

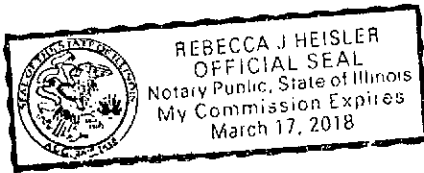


Robert Anderson
President
OSF Saint Francis Medical Center

Notarization:
Subscribed and sworn to before me
this 8 day of January, 2018


Signature of Notary

Seal

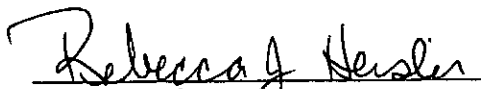


I, Robert Anderson, do hereby attest the site of OSF Healthcare System, d/b/a Saint Francis Medical Center, located at 800 NE Glen Oak Avenue, Peoria, Illinois, is owned by the OSF Healthcare System.

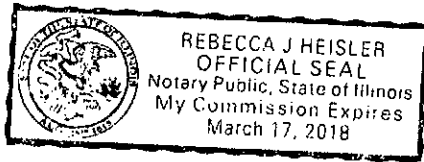


Robert Anderson
President
OSF Saint Francis Medical Center

Notarization:
Subscribed and sworn to before me
this 8 day of January, 2018


Signature of Notary

Seal



In a COE permit application filing (E-030-16) with the Illinois Health Facilities and Services Review Board received on August 15, 2016, the Musculoskeletal Surgery Center, LLC requested a change in ownership of its “Bricks and Mortar” (Building and Site). The entity requested to own the site was:

Cullinan Kumpf Medical LLC
420 North Main Street
East Peoria, Illinois 61611

This filing included documentation regarding the legal description (included in the appraisal document), the building and site appraisal, transaction supporting documents, and a letter confirming the proposed new owners support Musculoskeletal Surgery Center, LLC continuing as a medical facility user within the building. A lease between Cullinan Kumpf Medical LLC (the “Landlord”) and Musculoskeletal Surgery Center LLC (the “Tenant”) was also included.

Hence, the site ownership documentation is in the IHFSRB file E-030-16.

Subsequently this COE was approved by the Chairwoman and ratified by the Review Board (documentation attached).

Attachment 2
Supporting Documentation

Attachment 2.1 – COE Permit Application E-030-16, Pages 2 and 3

Attachment 2.2 – IHFSRB Agenda, September 13, 2016, Pages 1 and 2

Attachment 2.3 – Results of September 13, 2016 IHFSRB Meeting

E-030-16



MUSCULOSKELETAL SURGERY CENTER, LLC
August 15, 2016

RECEIVED

AUG 15 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery, Administrator
Illinois Health Facilities Planning Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62781-0001

**RE: Application for Exemption Change of Ownership
For Existing Health Care Facility**

Dear Ms. Avery:

Please find enclosed our completed application accompanied by all requested attachments and transaction documents to support our request.

Should you have any additional questions please feel free to contact me directly at 309.272.0201, or my cell phone 309.657.5878.

We look forward to hearing back from you and your Planning Board soon.

Have a great day!

Most sincerely,

Janet E. Smith
Chief Operating Officer

Great Plains Orthopaedics/Musculoskeletal Surgery Center, LLC

Enclosures

303 North Kumpf Boulevard – Peoria, Illinois 61605
Telephone: 309.676.5546 – Facsimile: 309.676.5045

ILLINOIS HEALTH FACILITIES PLANNING BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

RECEIVED

AUG 15 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name: **Musculoskeletal Surgery Center, LLC**
303 N Wm Kumpf Boulevard
Peoria, Illinois 61605 County: Peoria

Name of current licensed entity for the facility: **Great Plains, LLC**
Does the current licensee: own this facility _____ OR lease this facility Yes (if leased, check if sublease o)
Type of ownership of the current licensed entity (check one of the following): _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
Yes Limited Liability Company _____ Other, specify _____

Illinois State Senator for the district where the facility is located:
Senator Chuck Weaver
37th District
5416 North University Street
Suite 105
Peoria, Illinois 61614
309.693.4921

Illinois State Representative for the district where the facility is located:
Representative David R. Lettch, Deputy Republican Leader
73rd District
5407 North University Street
Arbor Hall, Suite B
Peoria, Illinois 61614
309.690.7373

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No X. If yes, refer to Section 1130.520(f), and indicate the projects by Project #

3. **FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100**
Please see Appendix "A", (Med):
Great Plains Orthopaedics/Musculoskeletal Surgery Center, LLC
Year end 2015 Procedure Listing
Dates of Service 01-01-2015 thru 12-31-2015

4. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant: **Musculoskeletal Surgery Center, LLC**
303 N Wm Kumpf Boulevard
Peoria, Illinois 61605

Type of ownership of the current licensed entity: **Limited Liability Company**

5. NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.

Exact Legal Name of Entity to be Licensed: **Musculoskeletal Surgery Center, LLC**
303 N Wm Kumpf Boulevard
Peoria, Illinois 61605

Type of ownership of the current licensed entity: **Limited Liability Company**

6. BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site: **Cullinan Kumpf Medical, LLC**
420 North Main Street
East Peoria, Illinois 61611

Type of ownership of the current licensed entity: **Limited Liability Company**

7. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- Purchase resulting in the issuance of a license to an entity different from current licensee;
- Lease resulting in the issuance of a license to an entity different from current licensee;
- Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- Stock transfer resulting in no change from current licensee;
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;**
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

8. APPLICATION FEE. Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.

9. FUNDING. Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority, cash gift from parent company, etc.) and append as **ATTACHMENT #2**.

10. ANTICIPATED ACQUISITION PRICE: \$4,900,000

11. FAIR MARKET VALUE OF THE FACILITY: \$4,900,000
 (to determine fair market value, refer to 77 IAC 1130.140)

12. DATE OF PROPOSED TRANSACTION: July 16, 2018

13. NARRATIVE DESCRIPTION. Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.

14. BACKGROUND OF APPLICANT Please see (2) two attachments labeled **ATTACHMENT #4**, illustrating the members of the Limited Liability Company and the Certificate of Good Standing registered in the State of Illinois under File Number 0021191-5.

State of Illinois
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor, Springfield, Illinois 62761 (217) 782-3516, (217) 785-4111 (fax)
www.hfsrb.illinois.gov

A G E N D A

(M-316) – FINAL, (per 2 IAC 1925.240)
Final Agenda will be posted no later than
9:00 A.M. September 9, 2016 at the
Health Facilities and Services Review Board's office
and at the meeting location.
Inn at 835
835 South 2nd Street
Springfield, Illinois

1. **PUBLIC PARTICIPATION SIGN-IN: 9:30 A.M. – 10:00 A.M.**
2. **CALL TO ORDER: Tuesday, September 13, 2016 - 10:00 A.M.**
3. **EXECUTIVE SESSION**
 - A. **LEGAL UPDATE**
4. **COMPLIANCE ISSUES / SETTLEMENT AGREEMENTS / FINAL ORDERS**
 - A. **Referrals to Legal Counsel**
 1. Projects 15-004 and E-028-16 DaVita Machesney Park Dialysis, Machesney Park
 2. Project #14-008 Neighbors Rehabilitation Center, Byron
 - B. **Final Orders**
 1. Project E-007-13 Rush Oak Park Hospital, Oak Park
 2. Projects 15-004 and E-028-16 DaVita Machesney Park Dialysis, Machesney Park
5. **APPROVAL OF AGENDA**
6. **APPROVAL OF TRANSCRIPTS: June 21, 2016**
7. **PUBLIC PARTICIPATION**

8. ITEMS APPROVED BY THE CHAIRWOMAN

1. #16-019 - Sarah Bush Lincoln Health Center, Mattoon. Modernization/Expansion Project
2. #12-032 - Alden Courts of Shorewood [Alteration to Permit]
3. #12-025 - Lutheran Home for the Aged, Inc. [Alteration to Permit]
4. #13-032 - Palms Hills Extended Care [Alteration to Permit]
5. #10-090 - Centegra Hospital-Huntley. 6-Month Permit Renewal (9/30/16 - 3/31/17)
6. #13-040 - Fresenius Medical Care Lemont. 6-Month Permit Renewal (9/30/16 - 3/31/17)
7. #14-051 - Central DuPage Hospital, Winfield. 9-Month Permit Renewal (12/31/16 - 9/30/17)
8. #15-006 - Bloomington-Normal Birthing Center. 12-Month Permit Renewal (8/31/16 - 8/23/16)
9. #E-017-16 - Tri-Cities Surgery Center [Discontinuation]
10. #E-031-16 - Mercy Hospital and Medical Center [Discontinuation of Ped. Category of Service]
11. #E-018-16 - Justice Med-Surg. Center, Ltd. [Change of Ownership]
12. #E-022-16 - North Shore Endoscopy Ctr. [Change of Ownership]
13. #E-023-16 - Oak Lawn Endoscopy Ctr. [Change of Ownership]
14. #E-024-16 - The Glen Endoscopy Ctr. [Change of Ownership]
15. #E-025-16 - Midwest Ctr. for Day Surgery [Change of Ownership]
16. #E-026-16 - Castle Surgicenter, LLC [Change of Ownership]
17. #E-027-16 - Eye Surgery Center, Ltd. [Change of Ownership]
18. #E-028-16 - Machesney Park Dialysis [Change of Ownership]
19. #E-029-16 - Apollo Surgery Center [Change of Ownership]
20. #E-030-16 - Musculoskeletal Surgery Center, LLC [Change of Ownership]

9. ITEMS FOR STATE BOARD ACTION:

A. PERMIT RENEWAL REQUESTS

Item	Opposition	Facility	City	Number	
A-01	No	Meadowbrook Manor 20-Month Renewal 7/31/16-3/31/18	Geneva	08-099	_____
A-02	No	McAllister Nursing & Rehab 6-Month Renewal 7/31/16-1/31/17	Tinley Park	11-104	_____

B. EXTENSION REQUESTS (none)

C. EXEMPTION REQUESTS

C-01	Yes	Ingalls Memorial Hospital Change of Ownership	Harvey	E-019-16	_____
C-02	No	Ingalls Same Day Surgery Ctr Change of Ownership	Tinley Park	E-020-16	_____

D. ALTERATION REQUESTS

D-01	No	University of Chicago Medical Center -2 nd Alteration Request	Chicago	14-013	_____
D-02	No	Asbury Court Nursing & Rehab Increase Project Cost 7%	Des Plaines	14-022	_____

E. DECLARATORY RULINGS/OTHER BUSINESS (none)

F. HEALTH CARE WORKER SELF-REFERRAL ACT

F-01 Self referral Request/Competency Determination Dr. Tiesenga

G. STATUS REPORTS ON CONDITIONAL/CONTINGENT PERMITS (none)

H. APPLICATIONS SUBSEQUENT TO INITIAL REVIEW

Results of September 13, 2016 meeting of the Illinois Health Facilities and Services Review Board

Members Present: Senator Brad Burzynski, Senator Deanna Demuzio, Judge Alan Greiman, John Hayes, Joel Johnson, John McGlasson, Sr., Richard Sewell and Chair, Kathy Olson. **Absent:** Dale Galassie

Items Approved by Chairman

- 16-019 Sarah Bush Lincoln Health Center, Mattoon (Modernization/Expansion)
- 12-032 Alden Courts of Shorewood (Alteration to Permit)
- 12-025 Lutheran Home for the Aged, Inc. (Alteration to Permit)
- 13-032 Palos Hills Extended Care (Alteration to Permit)
- 10-090 Centegra Hospital-Huntley (6 Month Permit Renewal, 9/30/16 – 3/31/17)
- 13-040 Fresenius Medical Care Lemont (6 Month Permit Renewal, 9/30/16 – 3/31/17)
- 14-051 Central DuPage Hospital, Winfield (9 Month Permit Renewal, 12/31/16 – 9/30/17)
- 15-006 Bloomington-Normal Birthing Center (12 Month Permit Renewal, 8/31/16 – 8/23/17)
- E-017-16 Tri-Cities Surgery Center (Discontinuation)
- E-031-16 Mercy Hospital and Medical Center (Discontinuation of Ped. Category of Services)
- E-018-16 Justice Med-Surg. Center, Ltd. (Change of Ownership)
- E-022-16 North Shore Endoscopy Ctr. (Change of Ownership)
- E-023-16 Oak Lawn Endoscopy Ctr. (Change of Ownership)
- E-024-16 The Glen Endoscopy Ctr. (Change of Ownership)
- E-025-16 Midwest Ctr. For Day Surgery (Change of Ownership)
- E-026-16 Castle Surgicenter, LLC (Change of Ownership)
- E-027-16 Eye Surgery Center, Ltd. (Change of Ownership)
- E-028-16 Machesney Park Dialysis (Change of Ownership)
- E-029-16 Apollo Surgery Center (Change of Ownership)
- E-030-16 Musculoskeletal Surgery Center, LLC (Change of Ownership)

Permit Renewals

- 08-099 Meadowbrook Manor (20 Month renewal, 7/31/16-3/31/18) Denied 0-8-1 absent
- 11-104 McAllister Nursing & Rehab (6 month renewal, 7/31/16-1/31/17) Approved 8-0-1 absent

Extensions (none)

Exemptions

- E-019-16 Ingalls Memorial Hospital (Change of Ownership) Approved 8-0-1 absent
- E-020-16 Ingalls Same Day Surgery Center (Change of Ownership) Approved 8-0-1 absent

Alterations

- 14-013 University of Chicago Medical Center (2nd Alteration Request) Approved 8-0-1 absent
- 14-022 Asbury Court Nursing & Rehab (Increase Project Cost 7%) Deferred 8-0-1 absent

Declaratory Rulings (none)

Health Care Worker Self-Referral Act

- Self Referral Request/Completion Determination, Dr. Tiesenga Approved 8-0-1 absent

Applications Subsequent to Initial Review

- 16-030 Stroger Hospital of Cook County (Modernization/Expansion Project) Approved 6-0-2 recused
1 absent
- 16-018 Memorial Hospital-East Medical Clinics Bldg (Establish Medical Office Bldg.) Approved 8-0-1 absent
- 16-021 Silver Cross Ambulatory Treatment Center (Establish Multi-Specialty ASTC) Approved 7-1-1 absent
- 16-024 FMC Kidney Care East Aurora (Establish 12 Station ESRD Facility) Approved 8-0-1 absent
- 16-023 Irving Park Dialysis (Establish 12 Station ESRD Facility) Approved 8-0-1 absent
- 16-025 Rush South Loop MOB (Establish a Medical Office Building) Approved 8-0-1 absent
- 16-028 Surgical Center of DuPage Medical Group (Modernize/Expand Multi-Specialty Approved 6-2-1 absent
ASTC)

Applications Subsequent to Intent to Deny (none)

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Operating Identity/Licensee

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

Exact Legal Name: Center for Health Ambulatory Surgery Center, LLC
Street Address: 8800 North State Route 91
City and Zip Code: Peoria, Illinois 61615
Name of Registered Agent: Illinois Service Corporation C
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield, Illinois 62703
Name of Chief Executive Officer: Thomas J. Feldman
CEO Street Address: 8800 North State Route 91
CEO City and Zip Code: Peoria, Illinois 61615
CEO Telephone Number: 309-683-5480

HF112741

**Illinois Department of
PUBLIC HEALTH**

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	LIC. NUMBER
3/18/2018		7003124

Ambulatory Surgery Treatment Center

Effective: 03/19/2017

Center for Health Ambulatory Surgery Center, LLC
8800 Route 91 North
Peoria, IL 61615

The face of this license has a colored background. Printed by Authority of the State of Illinois - P.O. #48240 5M 5/16

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 3/18/2018

Lic Number 7003124

Date Printed 2/17/2017

Center for Health Ambulatory Surgery

8800 Route 91 North
Peoria, IL 61615


FEE RECEIPT NO.

Operating Identity/Licensee

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

Exact Legal Name: OSF Healthcare System d/b/a Saint Francis Medical Center
Street Address: 800 NE Glen Oak Avenue
City and Zip Code: Peoria, Illinois 61603
Name of Registered Agent: Sister Theresa Ann Brazeau OSF
Registered Agent Street Address: 1125 Saint Francis Lane
Registered Agent City and Zip Code: East Peoria, Illinois 61611
Name of Chief Executive Officer: Robert Sehring
CEO Street Address: 800 NE Glen Oak Avenue
CEO City and Zip Code: Peoria, Illinois 61603
CEO Telephone Number: 309-655-2850

Operating License
 St. Francis Medical Center

 Illinois Department of PUBLIC HEALTH		HF114573
LICENSE, PERMIT, CERTIFICATION, REGISTRATION		
<small>The person, firm or association whose name appears on this certificate has complied with the provisions of the Illinois Statute and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.</small>		
Nirav D. Shah, M.D.,J.D. Director		<small>Issued under the authority of the Illinois Department of Public Health</small>
<small>Expiration Date</small> 12/31/2018	<small>License Number</small> 0002394	
General Hospital Effective: 01/01/2018		
Saint Francis Medical Center 530 North East Glen Oak Avenue Peoria, IL 61637		
<small>The face of this license has a textured background. Printed by Authority of the State of Illinois - HC 148296 (04/07/16)</small>		

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 12/31/2018
 Lic Number 0002394
 Date Printed 11/21/2017

Saint Francis Medical Center
 530 North East Glen Oak Avenue
 Peoria, IL 61637


FEE RECEIPT NO.

Operating Identity/Licensee

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

Exact Legal Name: Musculoskeletal Surgery Center, LLC
Street Address: 303 N. William Kumpf Blvd.
City and Zip Code: Peoria, Illinois 61605
Name of Registered Agent: William H. Campbell
Registered Agent Street Address: 401 Main Street, Suite 1600
Registered Agent City and Zip Code: Peoria, Illinois 61602
Name of Chief Executive Officer: Jeffrey R. Garst, MD President
CEO Street Address: 303 N. William Kumpf Blvd.
CEO City and Zip Code: Peoria, Illinois 61605
CEO Telephone Number: 309-676-5559

Operating License
Musculoskeletal Surgery

 Illinois Department of PUBLIC HEALTH		HF113392
LICENSE, PERMIT, CERTIFICATION, REGISTRATION		
<small>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.</small>		
Nirav D. Shah, M.D.,J.D. Director		<small>Issued under the authority of the Illinois Department of Public Health</small>
<small>EXPIRATION DATE</small> 06/30/2018	<small>CATEGORY</small>	<small>ID NUMBER</small> 7003146
Ambulatory Surgery Treatment Center		
Effective: 07/01/2017		
Musculoskeletal Surgery Center, LLC dba Great Plains LLC 303 North William Kumpf Boulevard Peoria, IL 61605		
<small>The face of this license has a colored background. Printed by Authority of the State of Illinois • PO #46240.5M 5/18</small>		

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 06/30/2018
Lic Number 7003146

Date Printed 05/11/2017

Musculoskeletal Surgery Center, LLC
dba Great Plains LLC
303 North William Kumpf Boulevard
Peoria, IL 61605

FEE RECEIPT NO.

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

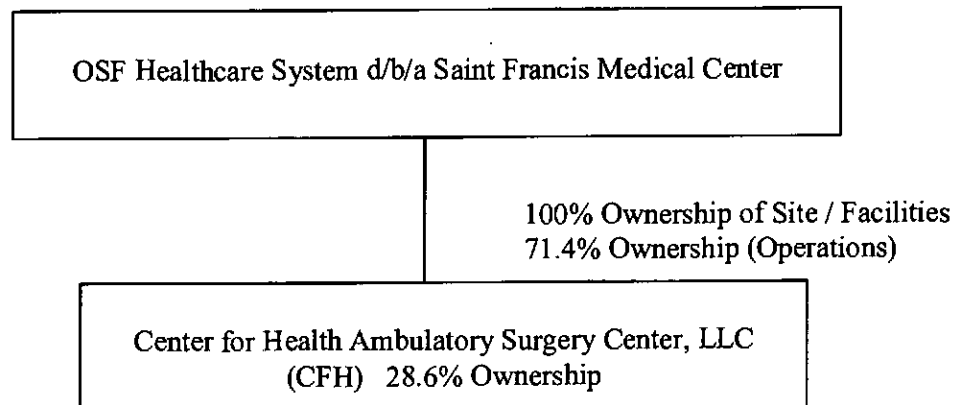
Organizational Relationships (Corporate)

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.

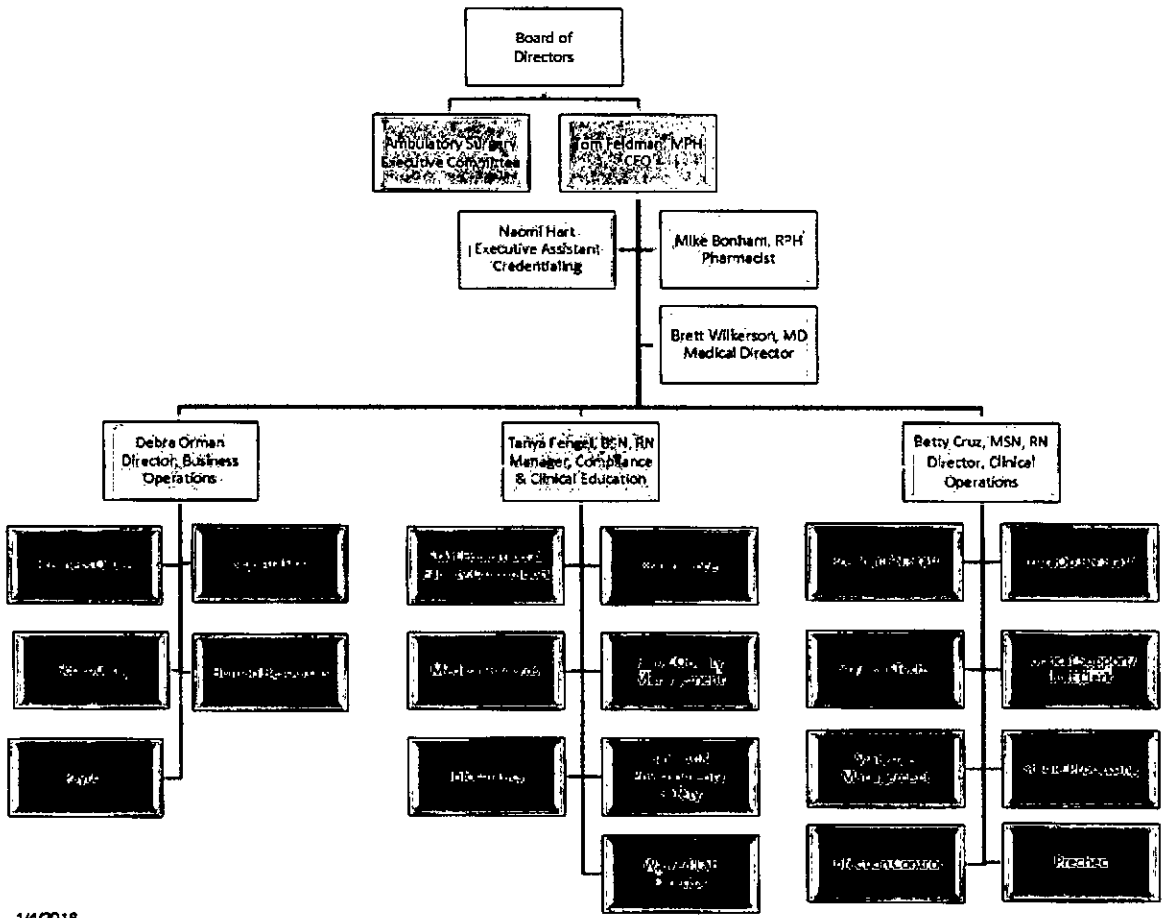
OSF Healthcare System, d/b/a Saint Francis Medical Center ("SFMC") owns 71.4% of the Center for Health Ambulatory Surgery Center, LLC ("CFH"). These organizations are the co-applicants. CFH will be acquiring certain assets and liabilities (changing the ownership of) of the limited liability ambulatory surgery center known as the Great Plains Ambulatory Surgery Center currently owned and operated by the Musculoskeletal Surgery Center, LLC ("MSC"). In an Administrative Services Agreement dated January 1, 2018, CFH will assume responsibility for managing the day-to-day operations of the Great Plains ASC effective January 2, 2018.

(Appendix A)

The purchase price is \$3,950,000.00 (See Appendix C) of which approximately \$2,682,000.00 will be funded through available cash and approximately \$1,150,000.00 through a bank loan. Approximately 71.4% will be funded by SFMC with the remainder funded by CFH. (Subject to final term sheet and transaction closing documents) The underlying valuation for the purchase price is in Appendix B.



Organizational Chart
Center for Health Ambulatory Surgery Center

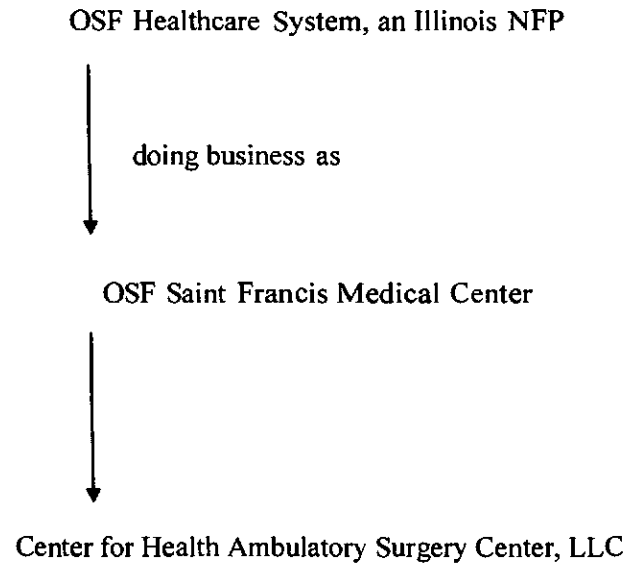


1/4/2018



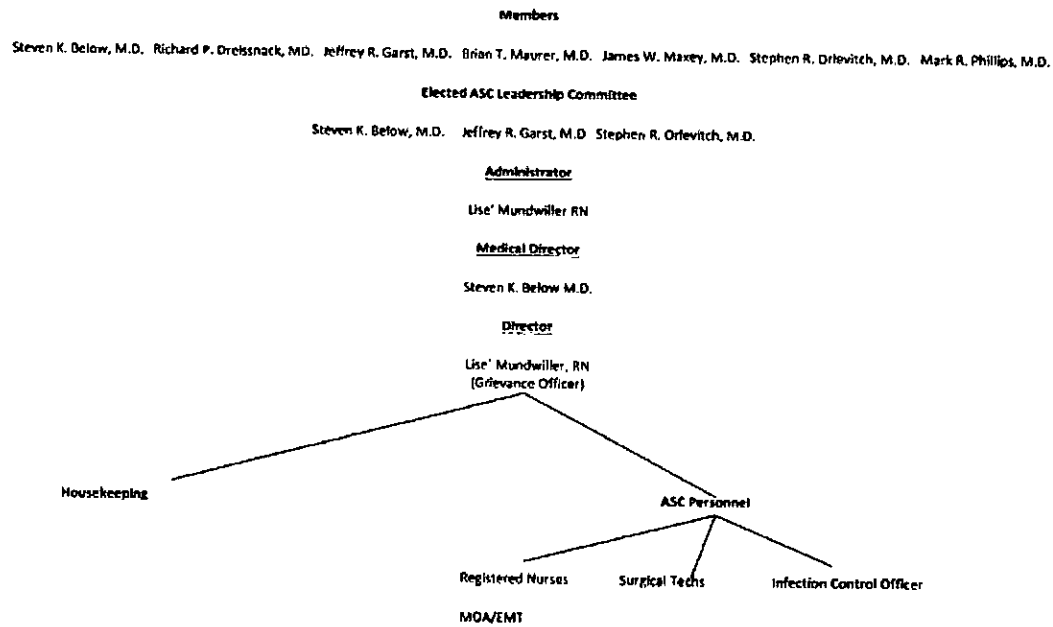
Center
for Health

**Organization Chart
(for CON purpose)**



OSF Healthcare

**Musculoskeletal Surgery Center, LLC.
Organizational Chart
Member Managed**



SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

For facilities in which prior permits have been issued please provide the permit numbers.
Indicate the stage of the project's architectural drawings: <input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>Within 90 days of IHFSRB approval</u>
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance.
APPEND DOCUMENTATION AS <u>ATTACHMENT 8</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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.

Background of Applicants (Criterion 1110.230 (b))

1. Center for Health Ambulatory Surgery Center, LLC

See the following attestation and supporting documentation.

2. OSF Healthcare System

OSF Healthcare System has several IHFSRB projects “acted-on” or “deemed complete”. Based on Section 1110.530 (b) (1) (3), these filings and applicable documentation should be utilized to fulfill the required information for this COE permit application; see the following attestation and supporting documentation.

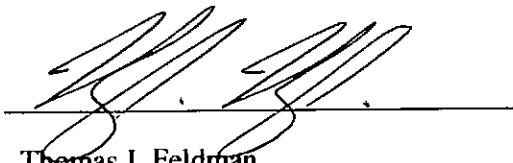
3. Musculoskeletal Surgery Center, LLC

See the following attestation and supporting documentation.

Center for Health Ambulatory Surgery Center, LLC
Attestation

I, Thomas J. Feldman, Administrator, do hereby attest and certify that:

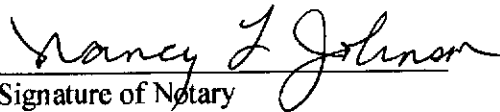
- A. The Center for Health Ambulatory Surgery Center, LLC ("CFH") does not own or operate any other healthcare facility as defined by the Illinois Health Facilities and Services Review Board.
- B. As defined by the Illinois Health Facilities and Services, there has been no adverse action taken against any facility owned and/or operated by CFH during the prior three years prior to the filing of this COE application.
- C. The Center for Health Ambulatory Surgery Center, LLC authorizes the IHFSRB access to information to verify documentation or information submitted in response to Criteria 11230 (b) or to obtain any documentation the State Board or Agency finds pertinent to this application.



Thomas J. Feldman
Administrator
Center for Health Ambulatory Surgery Center, LLC

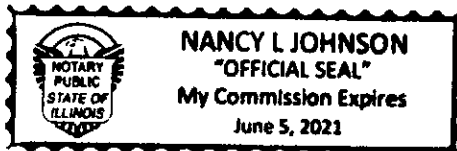
Notarization:

Subscribed and sworn to before me
this 4 day of January, 2018



Signature of Notary

Seal



80A Peoria-ASC COE Dec 2017
1/3/2018 3:45 PM

Center for Health Ambulatory Surgery Center, LLC
ASTC Operating License

HF112741

**Illinois Department of
PUBLIC HEALTH**

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	LIC. NUMBER
3/18/2018		7003124

Ambulatory Surgery Treatment Center

Effective: 03/19/2017

Center for Health Ambulatory Surgery Center, LLC
8800 Route 91 North
Peoria, IL 61615

The face of this license has a colored background. Printed by Authority of the State of Illinois - PD. #48240 SA1 5/16

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 3/18/2018

Lic Number 7003124

Date Printed 2/17/2017

Center for Health Ambulatory Surgery

8800 Route 91 North
Peoria, IL 61615

FEE RECEIPT NO.

Center for Health Ambulatory Surgery
Center, LLC

Peoria, IL

has been Accredited by

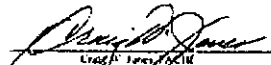


The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the
Ambulatory Health Care Accreditation Program

December 14, 2016

Accreditation is customarily valid for up to 36 months.


Craig J. Jones, MD, MHA
Chair, Board of Commissioners

113 445 7507
Print Return Date: 01/06/2017


Mark R. Chassin, MD, FACP, SFP, DPH
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 1-800-994-6611. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org



I, Robert Anderson, do hereby attest that:

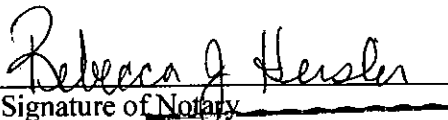
- A. The information in permit applications 17-008, 17-050, and 17-051, as applicable to this COE filing, has not changed.
- B. As defined by the Illinois Health Facilities and Services, there has been no adverse action taken against any facility owned and/or operated by OSF Healthcare System during the prior three years prior to the filing of this COE application.
- C. OSF Healthcare System authorizes the IHFSRB access to information to verify documentation or information submitted in response to Criteria 11230 (b) or to obtain any documentation the State Board or Agency finds pertinent to this application.



Robert Anderson
President
OSF Saint Francis Medical Center

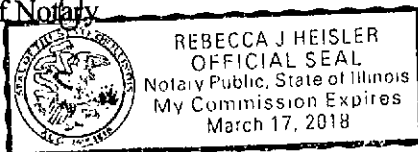
Notarization:


Subscribed and sworn to before me
this 8 day of January, 2018



Signature of Notary

Seal



		HF114573
Illinois Department of PUBLIC HEALTH		
LICENSE, PERMIT, CERTIFICATION, REGISTRATION		
<small>The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes, rules, rules and regulations and is hereby authorized to engage in the activity as indicated below.</small>		
Nirav D. Shah, M.D.,J.D. Director		<small>Issued under the authority of the Illinois Department of Public Health</small>
12/31/2018		0002394
General Hospital		
Effective: 01/01/2018		
Saint Francis Medical Center 530 North East Glen Oak Avenue Peoria, IL 61637		
<small>This form or this form's data is covered by copyright. Printed by Authority of the State of Illinois - 01/14/2015 04:54</small>		

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp Date 12/31/2018
Lic Number 0002394

Date Printed 11/21/2017

Saint Francis Medical Center
530 North East Glen Oak Avenue
Peoria, IL 61637

FEE RECEIPT NO.

OSF Saint Francis Medical Center

Peoria, IL

has been Accredited by



The Joint Commission

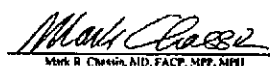
Which has surveyed this organization and found it to meet the requirements for the
Hospital Accreditation Program

April 8, 2017

Accreditation is customarily valid for up to 36 months.


Craig W. Aron, MD, FACHE
Chair, Board of Governing Officers

ID F7410
Print/Reprint Date: 07/24/2017


Mark R. Chasin, MD, FACP, MPP, NPHI
President

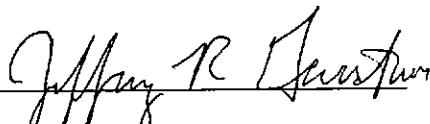
The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information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



Musculoskeletal Surgery Center, LLC
Attestation

I, Jeffrey R. Garst, MD, President, do hereby attest and certify that:

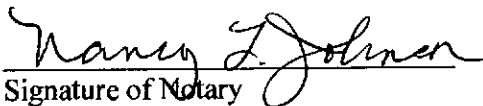
- A. The Musculoskeletal Surgery Center, LLC ("MSC") does not own or operate any other healthcare facility as defined by the Illinois Health Facilities and Services Review Board..
- B. As defined by the Illinois Health Facilities and Services, there has been no adverse action taken against any facility owned and/or operated by MSC during the prior three years prior to the filing of this COE application.
- C. The Musculoskeletal Surgery Center, LLC authorizes the IHFSRB access to information to verify documentation or information submitted in response to Criteria 11230 (b) or to obtain any documentation the State Board or Agency finds pertinent to this application.



Jeffrey R. Garst, MD
President
Musculoskeletal Surgery Center, LLC

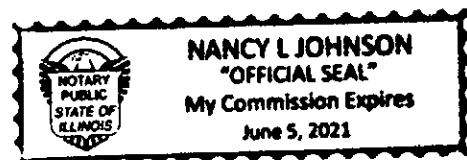
Notarization:

Subscribed and sworn to before me
this 4 day of January, 2018




Signature of Notary

Seal



Musculoskeletal Surgery Center, LLC
ASTC License

 **Illinois Department of PUBLIC HEALTH** HF113392

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. Issued under the authority of the Illinois Department of Public Health
Director

EXPIRATION DATE	CATEGORY	LIC. NUMBER
06/30/2018		7003146

Ambulatory Surgery Treatment Center

Effective: 07/01/2017

Musculoskeletal Surgery Center, LLC
dba Great Plains LLC
303 North William Kumpf Boulevard
Peoria, IL 61605

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #82040 5M 5/17

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 06/30/2018
Lic Number 7003146
Date Printed 05/11/2017

Musculoskeletal Surgery Center, LLC
dba Great Plains LLC
303 North William Kumpf Boulevard
Peoria, IL 61605

FEE RECEIPT NO.



ACCREDITATION
ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

grants this

ACCREDITATION

to

MUSCULOSKELETAL SURGICAL CENTER, LLC
DBA GREAT PLAINS ORTHOPAEDICS AMBULATORY SURGERY CENTER
303 N WILLIAM KUMPF BLVD
PEORIA, IL 61605

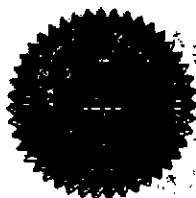
*In recognition of its commitment to high quality of care and substantial compliance
with the Accreditation Association for Ambulatory Health Care standards for ambulatory health care organizations.*

17463

Organization Identification Number

MELINA D'ESAL, MD

Chair of the Board



AUGUST 31, 2019

The Board of Accreditation expires on the above date

DENISE CHAPMAN, MBA

President of the Board

ASSOCIATION MEMBERS

ASCA Foundation • American Academy of Cosmetic Surgery • American Academy of Dental Group Practice • American Academy of Dermatology
American Academy of Facial Plastic and Reconstructive Surgery • American Association of Oral and Maxillofacial Surgeons • American College of Gastroenterology
American College Health Association • American College of Mohs Surgery • American Congress of Obstetricians & Gynecologists • American Dental Association
American Gastroenterological Association • American Society of Anesthesiologists • American Society for Dermatologic Surgery Association
American Society for Gastrointestinal Endoscopy • Association of periOperative Registered Nurses • Society for Ambulatory Anesthesia

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

APPLICABLE REVIEW CRITERIA	CHOW
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.

Applicable Review Criteria

1130.520 (b) (1) (A) – Names of the Parties

1. OSF Healthcare System (d/b/a Saint Francis Medical Center Peoria)

This entity will retain majority ownership and control of the Center for Health Ambulatory Surgery Center, LLC (“CFH”) after the closing of the transaction.

2. Center for Health Ambulatory Surgery Center, LLC.

This entity will acquire certain assets and liabilities related to the licensed ambulatory surgical treatment center known as Great Plains Ambulatory Surgery Center located in Peoria, Illinois (“Great Plains ASC”) currently owned and operated by Musculoskeletal Surgery Center, LLC (“MSC”). Each of the co-applicants will maintain separate IDPH licenses for their respective facilities.

3. Musculoskeletal Surgery Center, LLC.

This entity is the current owner and operator of Great Plains ASC. Certain assets and liabilities of this entity related to the Great Plains ASC will be acquired by CFH. Hence, there will be a change in ownership of the licensed ASTC requiring an IHFSRB COE permit application approval.

MSC will become a minority owner of CFH in connection with the transaction. The percent ownership of CFH, by party, pre- and post transaction, is as follows:

Current Ownership	
Owner	%
OSF	71.4%
Other	28.6%
MSC	0.0%
Total	100.0%

Post-Transaction Ownership	
Owner	%
OSF	61.4%
Other	28.6%
MSC	10.0%
Total	100.0%

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.

Please reference Attachments 1, 3, and 11, herein, documenting compliance with this criterion.

1130.520 (b) (1) (B) (continued)

This change of ownership will be through acquisition of Great Plains Ambulatory Surgery Center from Musculoskeletal Surgery Center, LLC either by internal membership interest transfers / asset exchange consistent with the respective valuations and/or outright cash purchase of related membership interests between the respective parties as described in the closing documents.

The license related to the Great Plains Ambulatory Surgery Center will be help by Center for Health Ambulatory Surgery Center, LLC following the transaction completion / closing.

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.

Prior to the closing of the transaction, Great Plains Ambulatory Surgery Center is owned 100% by Musculoskeletal Surgery Center, LLC. After closing of the transaction, the facility will be owned 100% by the Center for Health Ambulatory Surgery Center, LLC. The pre- and post-closing ownership of Center for Health Ambulatory Surgery Center, LLC is set forth above..

1130.502(b)(1)(F) - Fair market value of assets to be transferred.

The valuation analysis is provided in Appendix B indicating a FMV range of \$4.1 million to \$4.4 million or \$4.0 million to \$4.3 million, respectively, net of the Founders Fee. The proposed acquisition price is \$3,950,000.

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)]

The transaction is based on both asset exchanges (membership interest transfer) as well as cash. The current analysis proposes the cash amount to be \$2,682,000.00 or approximately 68% of the proposed \$3,950,000.00 purchase price, subject to final closing documents. The remainder will be funded through asset exchange.

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

By their respective signatures on the Certification pages within this COE permit application, the parties affirm there will be no impact on outstanding permits or permit applications.

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.

This criterion is not applicable to the contemplated ownership change of a licensed ASTC.
(Musculoskeletal Surgery Center, LLC, Peoria, Illinois)

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

The proposed ownership / control change anticipates organizational simplification and clinical management between the two separate ASTC's. Through the proposed CHOW, the parties do not anticipate any material changes in how services are provided, including diminished access to services.

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;

Cost savings due to the proposed transaction have not been quantified at this time because the Musculoskeletal Surgery Center, LLC is a separate legal entity. However, the proposed

transaction should result in operational savings due to an integrated operation post-closing. As appropriate, these savings will be passed through to the community.

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

Quality is highly valued by the three co-applicants. Quality control and improvement is based on peer review protocols, best practice models, and other internal mechanisms designed to monitor and improve care quality. OSF Healthcare System and the Center for Health and Ambulatory Surgery, LLC actively participate in quality assessment and improvement programs.

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

Governing Board membership is outlined in the OSF Healthcare System bylaws as well as in the bylaws of The Center for Health Ambulatory Surgery Center, LLC. No changes are contemplated and include processes related to seating community representatives and providing ownership representation.

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.

The applicants have a written response to this criterion which is available for public view, on request, along with this COE permit application being publically available.

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.

No changes are currently anticipated.

SECTION VII. 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

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.

OSF Healthcare System is an A- bond rated organization currently owning 71.4% of the Center for Health Ambulatory Surgery Center, LLC with others owning a combined total of 28.6%.

The transaction proposes that 32% of the purchase price will be funded through internal forms of consideration (membership interest transfers) with the remainder 68% funded through cash obligations (internally and partially borrowed).

Given OSF Healthcare System's majority ownership interest, pre and post transaction, the System will be funding, or implicitly guaranteeing, the CHOW financing for the acquisition of Great Plains Ambulatory Surgery Center.

SECTION VIII. 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

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 Not Applicable

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. Foot	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									

Not Applicable

SECTION VIII. 1120.140 - ECONOMIC FEASIBILITY

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

D. Projected Operating Costs

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.

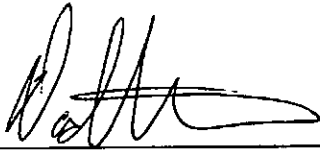
E. Total Effect of the Project on Capital Costs

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.

See the following attestation.

I, David Stenerson, CFO, OSF Healthcare System, do hereby attest and certify that:

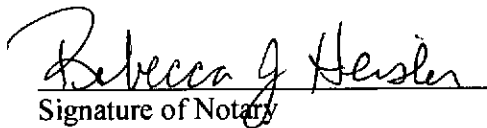
- A. The total estimated Musculoskeletal Surgery Center, LLC purchase price will be funded in total with cash and securities.
- B. If a bank loan (debt) is required to complete the transaction, the external financing will be at the lowest cost available.
- C. The transaction is not contemplated to have any material impact on operating costs or capital costs.



David Stenerson
Chief Financial Officer
OSF Healthcare System

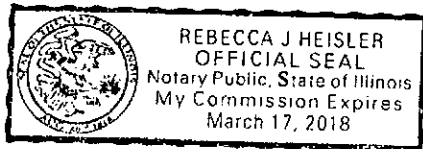
Notarization:

Subscribed and sworn to before me
this 8 day of January, 2018



Signature of Notary

Seal



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.

Center for Health Ambulatory Surgery Center, LLC

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	\$ 22,374,961	\$ 23,446,863	\$ 24,698,447
Amount of Charity Care (charges)	\$ 113,275	\$ 60,505	\$ 217,495
Cost of Charity Care	\$ 107,440	\$ 35,000	\$ 27,620

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	\$ 138,879,342
Cost of Charity Care	\$ 45,062,165	\$ 24,351,000	\$ 29,285,858

Saint Francis Medical Center

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	\$ 931,824,829	\$1,014,273,408	\$1,021,803,802
Amount of Charity Care (charges)	\$ 129,780,248	\$ 64,136,581	\$ 65,695,605
Cost of Charity Care	\$ 23,957,434	\$ 10,999,424	\$ 11,128,836

Musculoskeletal Surgery Center, LLC

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	\$ 2,759,754	\$ 2,343,469	\$ 1,901,648
Amount of Charity Care (charges)	- 0 -	- 0 -	- 0 -
Cost of Charity Care	- 0 -	- 0 -	- 0 -

Administrative Services Agreement

Pages 75 - 80

ADMINISTRATIVE SERVICES AGREEMENT

THIS ADMINISTRATIVE SERVICES AGREEMENT ("Agreement") is made and entered into this 1st day of January, 2018, by and between MUSCULOSKELETAL SURGERY CENTER, L.L.C. an Illinois limited liability company ("MSC"), owner and operator of Great Plains Ambulatory Surgery Center, in Peoria, Illinois ("Surgery Center") and CENTER FOR HEALTH AMBULATORY SURGERY CENTER, L.L.C. an Illinois limited liability company ("CFH").

RECITALS:

- A. MSC is the owner and operator of Surgery Center, which is a licensed ambulatory surgical center, and requires certain management, administrative, and technical services to assist in the operation of the Surgery Center.
- B. CFH possesses the ability to provide management, administrative, and technical services to assist in the operation of the Surgery Center.
- C. MSC desires to engage the services of CFH to provide management, administrative, and technical services to assist in the operation of the Surgery Center.
- D. CFH is willing to render its services to Surgery Center in order to provide management, administrative, and technical services to assist MSC in the operation of the Surgery Center, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and reliance upon the recitals set forth above and incorporated by reference herein, the parties hereto agree as follows:

I. Scope of Services

- 1.1. Services Provided by CFH. CFH shall, for the Term of this Agreement, through its employees or through personnel employed by OSF Healthcare System ("OSF"), the majority owner of CFH, that are under CFH's control pursuant to a contractual arrangement between CFH and OSF, provide MSC with such management, administrative, and technical services as may be agreed upon by the parties from time to time, as are reasonably necessary to operate the Surgery Center on a day-to-day basis ("Surgery Center Services"). For illustrative purposes only, the Surgery Center Services may include, but not be limited to, general day-to-day business management, general clerical and administrative services, human resources, oversight of billing and collection activities undertaken by third-party vendors, patient scheduling, nursing management, risk management, information technology services, infection control, basic engineering, biomedical inspection and maintenance services, and/or pharmacist services. The Surgery Center Services shall not include any physician services or other professional medical services. The personnel provided by CFH to render Surgery Center Services under this Agreement ("Surgery Center Services Personnel") shall comply with the requirements of applicable MSC policies and procedures.

2253691.6

- 1.2. Governance of Surgery Center. Notwithstanding anything in this Agreement to the contrary, the ultimate responsibility for the governance and management of the Surgery Center shall at all times belong to the Board of Managers of MSC, in accordance with MSC's governing documents. Nothing in this Agreement shall be construed as a change of control of the Surgery Center.
- 1.3. Ethical Matters. In accordance with its governing documents, CFH is subject to the Ethical and Religious Directives for Catholic Healthcare Services, as amended from time to time, issued by the U.S. Conference of Catholic Bishops (the "Ethical Directives"). The provision of Surgery Center Services may not in any manner violate the Ethical Directives, as determined by CFH in its sole discretion, and a refusal to provide a service that CFH determines would violate the Ethical Directives shall not be deemed a breach of this Agreement.
- 1.4. Privacy Matters. CFH's use and disclosure of patients' individually-identifiable health information in connection with its provision of Surgery Center Services will comply with the terms and conditions of the HIPAA Business Associate Addendum attached hereto as Exhibit A.

2. Compensation

2.1. Surgery Center Services.

- 2.1.1. General Management and Administrative Services. As compensation for the provision of general management and administrative services, MSC shall pay to CFH the sum of One Thousand Dollars (\$1,000.00) per week, prorated for partial weeks.
- 2.1.2. Technical and Other Services. As compensation for the provision of technical services, the nature of which require services to be provided only as needed from time to time, such as biomedical inspection and maintenance, MSC shall pay to CFH an amount equal to the direct wages paid by CFH to Surgery Center Services Personnel provided by CFH to provide such services, plus an amount equal to the cost of benefits provided by CFH to such Surgery Center Services Personnel, plus an administrative fee of five percent (5%). The current benefits percentage is thirty percent (30%) of the average direct wages paid to such Surgery Center Services Personnel. If the Surgery Center Services Personnel are personnel leased by CFH from OSF, the amount payable by MSC shall be the amount paid by CFH for such personnel, plus an administrative fee of five percent (5%).

CFH shall invoice MSC directly at the end of every month for all Surgery Center Services provided during that month. The invoice shall include an itemized statement indicating the hours worked during that month for which CFH will be paid on an hourly basis as described in Section 2.1.2 above.

- 2.2. Duty to Disclose. CFH shall, upon the request of MSC, provide reasonable supporting data for invoices issued to MSC under the terms of this Agreement.

2.3. Compliance Matters. The parties acknowledge that the aggregate compensation to be paid under this Agreement is consistent with fair market value for the services provided, that no remuneration has been or will be paid or accepted with an intent to induce the referral of business payable by a Federal or State healthcare program, and that no remuneration provided hereunder may vary with or otherwise take into account the volume or value of referrals or other business generated by the parties.

3. Term and Termination

3.1. Term. This Agreement shall commence as of January 1, 2018, for a term of one (1) year therefrom ("Term"), subject, however, to termination under Section 3.2.

3.2. Termination. This Agreement may be sooner terminated on the first to occur of any of the following:

3.2.1. Written agreement by both parties to terminate this Agreement.

3.2.2. In the event of a material breach of any of the terms or conditions of this Agreement by either party and the failure of the breaching party to correct such breach within fifteen (15) business days after receipt of written notice of such breach by the non-breaching party, such other party may terminate the Agreement immediately with written notice of such termination to the breaching party.

3.2.3. In the event either party gives not less than thirty (30) days prior written notice, this Agreement shall terminate on the date specified in such notice.

3.3. Automatic Termination. This Agreement shall automatically terminate upon the closing of a transaction between the parties under which CFH purchases from MSC substantially all the assets of the Surgery Center, as described in that certain Letter of Intent by and between the parties, dated as of December 22, 2017 (the "Letter of Intent").

4. Notices

Notices required herein shall be considered effective when delivered in person or when sent by United States Certified Mail, postage prepaid, return receipt requested, and addressed to:

CFH:

Thomas J. Feldman
Chief Executive Officer
Center for Health Ambulatory Surgery
Center, LLC
8800 N. Route 91
Peoria, IL 61615

MSC:

Jeffrey R. Garst, M.D.
Member
Musculoskeletal Surgery Center, LLC
303 N. William Kumpf Boulevard
Peoria, IL 61605

or to such other address as may be designated by the respective parties by notice given pursuant to this section from time to time.

5. Professional and General Liability Insurance

CFH agrees to carry professional and general liability insurance for all personnel supplied by CFH under this Agreement.

6. Payment of Benefits and Payroll Taxes

All personnel supplied by CFH to MSC are employees or independent contractors of CFH, not MSC. CFH shall be responsible for providing and paying, as applicable, the employee benefits for said employees and shall be responsible for the payment of all FICA, unemployment, social security and any other payroll-related taxes for the same.

7. Assignment

This Agreement and all rights and benefits hereunder are personal to CFH and MSC and neither this Agreement nor any right or interest of CFH and MSC herein, or arising hereunder, shall be voluntarily sold, transferred, or assigned without the other party's written consent.

8. Changes or Modifications

No change or modification of this Agreement shall be valid unless the same shall be in writing signed by CFH and MSC. No waiver of any provision of the Agreement shall be valid unless in writing and signed by the person or party against whom charged.

9. Entire Agreement

This writing constitutes the entire agreement between the parties hereto, and all prior statements, oral or written, are hereby terminated. This Agreement may be modified or amended only by a written instrument signed by both parties.

10. Severability

The invalidity or unenforceability of any particular provision of this Agreement shall not affect other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

11. Waiver of Breach

The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

12. Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

13. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. Fax or .pdf copies of signatures will be deemed as effective as originals.

14. Condition Precedent

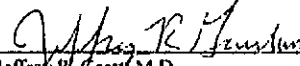
A condition precedent to the parties' obligations under this Agreement is the execution and delivery by both parties of the Letter of Intent.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day first written above.

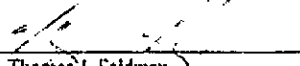
MSC:

MUSCULOSKELETAL SURGERY CENTER,
LLC, an Illinois limited liability company

By: 
Jeffrey R. Harsy, M.D.
One of its Members

CHI:

CENTER FOR HEALTH AMBULATORY
SURGERY CENTER, LLC, an Illinois
limited liability company

By: 
Thomas J. Feldman
Chief Executive Officer

Fair Market Value Analysis

Musculoskeletal Surgery Center, LLC

Pages 82 - 127



SUMMARY VALUATION REPORT

Determination of the Fair Market Value of One Class B Unit of the
CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC

Valued as of: December 31, 2016

Issuance Date: June 12, 2017





TABLE OF CONTENTS

EXECUTIVE SUMMARY Page 1

VALUATION NARRATIVE

I. Overview of the Center 4

II. Economic Conditions Summary 12

III. Valuation Procedures 13

IV. Discount for Lack of Marketability 15

V. Conclusion 21

APPENDICES

Certification A1

Assumptions and Limiting Conditions A2

Sources of Information Relied Upon in this Valuation A3

Preparer Qualifications A4

EXHIBITS

Historical and Common Size Balance Sheets A1

Historical and Common Size Income Statements A2

Historical and Common Size Operating Expenses A3

Income Approach - Conclusion of Value B1

Income Approach - Calculation of Discount / Capitalization Rate B2

Income Approach - Forecasted and Common Size Income Statements B3

Income Approach - Forecasted and Common Size Operating Expenses B4



June 12, 2017

Mr. Thomas Feldman, CEO
Center for Health, ASC, LLC
8800 North State Route 91
Peoria, IL 61615

Re: Fair Market Value Analysis of One Class B Unit of the CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC

Dear Tom:

Somerset CPAs, P.C. has prepared and enclosed herewith, our summary valuation report of the CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC (the "Center"), as of December 31, 2016. The purpose of this valuation is to establish the fair market value of One Class B Unit of the Center, for the purpose of buy-in and buy out of membership units, as of December 31, 2016, and it is not intended for any other use. This summary report was prepared at the request of the Center.

Our summary report, analysis and opinion should not be used for any purpose other than previously described, provided, however, that the Center may rely upon our summary report, analysis and opinion with respect to the contemplated transaction. This summary report is not to be copied or made available to any persons without the express written consent of Somerset CPAs, P.C.

The standard of value for this valuation analysis is fair market value, which is defined as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts."¹

This definition is also consistent with the "Stark Law" definitions of fair market value and general market value as defined below:

Fair Market Value: The value in arm's-length transactions, consistent with the general market value;

General Market Value: The price that an asset would bring as the result of bona fide bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of bona fide bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which bona fide sales have been consummated for assets of like type, quality, and quantity in a particular market at the time of acquisition, or the compensation

¹ Treas. Reg. § 20.2031-1(d) (2005).
Prepared by Somerset CPAs, P.C. for the Center for Health, ASC, LLC



that has been included in bona fide service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.²

This definition is also consistent with the Anti-Kickback Statute ("AKS"), which prohibits, generally, offering, paying, soliciting, or receiving anything of value to induce or reward referrals.³

The applicable premise of value assumes that the Center was operating as a going concern as of the valuation date, and that the character of its present business will remain intact.

The scope of our analysis is that of a valuation engagement which is defined below:

Valuation Engagement: A valuation analyst performs a valuation engagement when (1) the engagement calls for the valuation analyst to estimate the value of a subject interest and (2) the valuation analyst estimates the value and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation as a conclusion of value; the conclusion may be either a single amount or a range.⁴

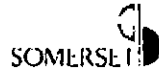
Conclusion of Value

In our opinion, based on our review and analysis, and the assumptions and limiting conditions as described in this summary report, we have concluded that the estimated fair market value of One Class B Unit of the Center using the Income Approach, as of December 31, 2016, on a non-controlling, non-marketable basis, is:

Fair Market Value of One Class B Unit of the CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC As of December 31, 2016	
Income Approach	
Value of One Class B Unit of the Center, Rounded	\$ 6,340

² 42 C.F.R. § 411.151 (2011);
³ 42 U.S.C. § 1320a-7(b)(6);
⁴ American Institute of Certified Public Accountants, Statements on Standards for Valuation Services No. 1, 100.23 (a)
Revised by the Institute of CPAs, Inc. for the Center for Health ASC (12)

Page 4



Pursuant to Treas. Reg. § 53.4958-1(d)(3), we hereby certify that Somerset CPAs, P.C., (i) holds itself out to the public as an appraiser or compensation consultant, (ii) performs similar type valuations on a regular basis, and (iii) is qualified to make valuations of the type of property or services involved herein.

Sincerely,

Somerset CPAs, P.C.
SOMERSET CPAs, P.C.
Indianapolis, Indiana

Prepared by Somerset CPAs, P.C. for transmission to the CHA, LLC



I – OVERVIEW OF THE CENTER

The Center for Health Ambulatory Surgery Center, LLC, is a freestanding surgery center that performs a wide range of outpatient procedures. The Center is located at 8800 N. Route 91 in Peoria, Illinois. The Center was incorporated on March 19, 2007 and is organized as a Limited Liability Company. For Federal income tax purposes, the Center is taxed as a Partnership. The chart below outlines the current ownership of the Center as of December 31, 2016:

The Center operates as a Same Day Surgery Center, thus requiring all patients to be discharged from the Center by midnight. In addition, the Center's first case starts at 7:30 a.m. Monday through Friday. Each day final case start times depend on the type of case, but for Ophthalmology cases the last case starts at 5:00 p.m. (for emergency cases) and the other cases start no later than 4:00 p.m.

OPERATING AGREEMENT SUMMARY AS OF MARCH 19, 2007

- Following the organization of the Center, OSF made capital contributions, and in return they received ownership of all class A units and class B units;
- No additional units shall be issued by the Company without the approval of OSF, if the percentage interest of the class A member would, following the issuance of the new units, be less than sixty percent (60%);
- Term - Operating agreement shall continue in full force and effect until dissolution or termination of the Center;
- No persons other than the initial members, may become members of the Center without a supermajority vote of the Board of Managers, and no person may become a member without a capital contribution;

Prepared by Somerset CPAs, P.C. for the Center for Health ASC, LLC

Page | 4



- The class A member shall appoint two members to the Board of Managers. Each class B member, which is either a group practice, a group holding company or an individual holding company, shall appoint one member;
- Each member of the Board of Managers shall receive compensation in the amount of \$100.00 for each meeting of the Board of Managers, in person or by telephone;
- No member may withdraw from the Center at any time without the approval of the Board of Managers by a supermajority vote;
- The class A member shall have the option to purchase all of the class B units held by any class B member;
- Covenant not to Compete:
 - o Class A Member Covenant – the class A member covenants that for so long as it is a member of the Center, and for a two year period thereafter, neither such member nor any affiliate of such member will be associated with or have a financial interest in any competing SurgiCenter either directly, or indirectly, as employer, employee, principal, agent, consultant, partner, stockholder, creditor or in any other capacity;
 - o Class B Member Covenant – the class B member covenants that for so long as it is a member of the Center, and for a two year period thereafter, neither such member nor any affiliate of such member will be associated with or have a financial interest in, either directly, or indirectly, as employer, employee, principal, agent, consultant, partner, stockholder, creditor or in any other capacity any competing SurgiCenter, or any ambulatory surgery treatment center which is located within 25 miles of any hospital or ambulatory surgery treatment center which is owned in whole or in part by OSF.

As of the valuation date, the Center was in discussions to amend the operating agreement, but the amended agreement was not finalized. However, we have reviewed the new proposed operating agreement. Please see a brief summary of some of the changes below:

- The new operating agreement allows for individual physicians and employed physicians to buy-in to the Center;
- As of the fifth anniversary of the effective date of the new agreement, a class B member may voluntarily withdraw from the Center upon not less than 180 days prior written notice to the Board of Managers;
 - o Voluntarily withdraw shall be limited to the redemption of 200 units;
- No additional units shall be issued by the Company without the approval of OSF, if the percentage interest of the class A member would, following the issuance of the new units, be less than fifty-five and one-half percent (55.5%)

SERVICES

MAIN SERVICES

As previously stated, the Center operates as a Same Day surgery center. The surgical specialty services offered at the Center include, but are not limited to, general, plastic, gynecology, urology, orthopedics, eye, ear/nose/throat ("ENT"), gastrointestinal, pain management and oral outpatient surgical procedures. In order for the surgeons to perform services at the Center, they must have privileges to conduct surgery at the facility. The Center treats both children and adults and is currently seeking cases.

Prepared by Somerset, P.C. for the Center for Health, ASC, LLC

Page 17



ACCREDITATION

The Center is accredited by The Joint Commission, an independent, not-for-profit organization that accredits and certifies more than 20,000 health care organizations across the United States. The Joint Commission accreditation is universally recognized as a symbol of quality that reflects an organization's commitment to meeting certain performance standards.

PAYOR MIX

2016 - Payors as a % of the Grand Total				2015 - Payors as a % of the Grand Total				2014 - Payors as a % of the Grand Total			
Row Labels	Charges	Payments	Cases	Row Labels	Charges	Payments	Cases	Row Labels	Charges	Payments	Cases
BLUE CROSS	21.2%	48.61%	21.36%	BLUE CROSS	21.05%	48.76%	21.09%	BLUE CROSS	21.46%	46.43%	19.58%
CHAMPUS	0.47%	0.24%	0.43%	CHAMPUS	0.40%	0.26%	0.42%	CHAMPUS	0.53%	0.39%	0.46%
CHARITY	0.40%	0.00%	0.29%	CHARITY	0.12%	0.00%	0.04%	CHARITY	0.24%	0.00%	0.24%
COMMERCIAL	3.71%	4.38%	3.91%	COMMERCIAL	4.17%	4.93%	4.17%	COMMERCIAL	3.60%	4.40%	3.66%
MANAGED C.	22.31%	19.02%	20.47%	MANAGED C.	22.08%	19.04%	21.31%	MANAGED C.	23.12%	20.82%	22.76%
MEDICAID	0.82%	8.18%	1.04%	MEDICAID	1.64%	0.44%	1.84%	MEDICAID	3.53%	0.65%	2.89%
MEDICARE	33.46%	30.87%	36.96%	MEDICARE	31.84%	10.31%	35.24%	MEDICARE	11.25%	9.76%	33.86%
MEDICARE C	10.53%	3.51%	11.89%	MEDICARE C	11.18%	3.25%	12.37%	MEDICARE C	11.52%	4.04%	12.17%
MEDICARE SUPPLEMENT	0.05%	0.50%	0.05%	MEDICARE SUPPLEMENT	0.00%	0.53%	0.00%	MEDICARE SUPPLEMENT	0.07%	0.44%	0.07%
OTHER FEDERAL/STATE	0.45%	0.19%	0.35%	OTHER FEDERAL/STATE	0.57%	0.17%	0.57%	OTHER FEDERAL/STATE	0.26%	0.31%	0.68%
SELF PAY	1.27%	8.01%	0.83%	PPO	0.01%	0.01%	0.01%	SELF PAY	3.38%	7.34%	0.85%
WORKMAN'S COMPENSATION	3.30%	4.50%	2.43%	SELF PAY	1.25%	7.80%	0.90%	WORKMAN'S COMPENSATION	1.52%	5.40%	2.79%
Grand Total	100.00%	100.00%	100.00%	WORKMAN'S COMPENSATION	3.18%	4.49%	2.22%	Grand Total	100.00%	100.00%	100.00%
				Grand Total	100.00%	100.00%	100.00%				

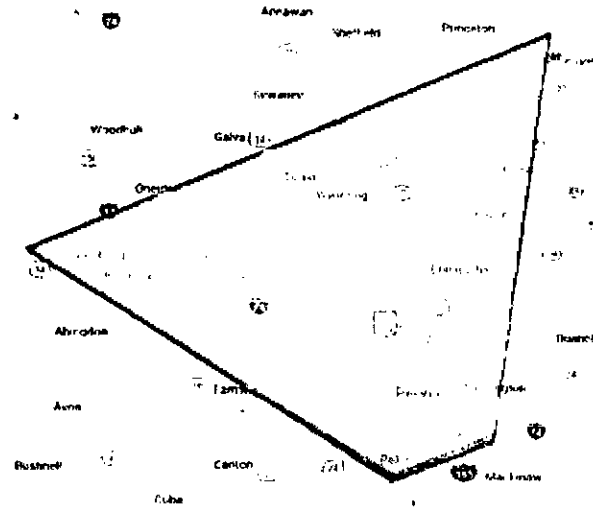
As of the valuation date, the only payor issues the Center experienced were with Cigna, and they were actively in negotiations with this payor to begin services.

Prepared by Somerset C-As, PC for the Center for Health ASC, LLC

Page 7

MAP OF PATIENT CATCHMENT AREA

The Center's primary patient catchment area is Peoria, IL, but given the rural nature outside of Peoria, the Center is able to pull patients from some of the surrounding cities. The Center has patients from some of the suburbs of Peoria, including Washington, Morton, Pekin and Chillicothe. In addition, the Center has patients from Galesburg, directly up Interstate 74. The area highlighted below is the main catchment area.



Prepared by Somerset CPA, P.C. for the Center for Health ASC LLC

Page



EMPLOYEES

The Center employs 59.20 FTE employees, consisting of clinical and administrative support. In addition to the employees, the Center has over 90 surgeons that currently have privileges to operate within the Center. The Center also utilizes a pharmacist that is employed by OSF. The pharmacist costs are paid from the Center to OSF, which includes his salary, 30% for benefit costs and a 5% administrative fee. The Center also pays a medical director fee to an Anesthesiologist practice of \$2,083 per month, but the Center does not employ any Anesthesiologists.

The Center's current organizational structure is a Board of Managers (representing each of the investing members), then the Center's CEO, and finally under the CEO is two directors (one clinical and one business). The Center has stated that employee relations are harmonious and the turnover is minimal.

The Center offers health insurance benefits and profit sharing to its employees. Over the previous three years, the Center has been able to reduce overall benefit costs by approximately \$150K (or 13.25%) by reviewing different insurance carriers and plan options. Please see the chart below, outlining the current profit sharing plan:

Distributions to Owners	% Allocated to Employees
\$0 to \$1.19MM	0.00%
\$1.2MM to \$1.39MM	2.00%
\$1.4MM to \$1.59MM	3.00%
\$1.6MM and Greater	4.00%

It is also worth noting, the CEO of the Center is eligible for a 25% annual bonus, which is decided by the Board of Managers.

FACILITIES

The Center has 6 operating rooms, 6 recovery bays and 16 pre/post operating rooms. In addition to the Center's current space, the facility has the ability to expand the building space to accommodate additional operating rooms, recovery bays and pre/post operating rooms. Please see the chart below outlining additional information on the office location of the Center:

Center's Location					
CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC					
Location	Annual Rent	Square Footage	\$ per Sq. Ft.	Ownership	Related Entity
8800 N. Route 91 in Peoria, IL	\$ 997,084	20,783	\$ 47.98	OSF	Yes

Prepared by Somerset CPAs, P.C. for Center for Health Ambulatory Surgery Center, LLC



CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC
Fair Market Value Analysis

EQUIPMENT

The Center will be getting new medical washer units in the sterilization suite, which will be paid for by the real estate entity. In addition, given the age of the two C-Arms, the Center is expecting to have to replace these units in the coming years.

The only equipment currently leased by the Center is Stryker technology utilized within the operating rooms. Based on the lease, the Center entered into an operating lease on April 28, 2016 with Stryker Flex Financial. This agreement includes several Laparoscopes and Camera units. The agreement has a term of 48 months and a monthly lease payment of \$8,658.19. The total financed amount by the Center was \$430,155.18.

COMPETITION

The Center has a few local competitors in their market. UnityPoint Health is a health system with a hospital located near downtown Peoria. This health system has the ability to provide outpatient surgery at its north location in Proctor Hospital. In addition to UnityPoint Health, there is a two-bed ASC located in downtown Peoria, which is owned by Great Plains Orthopedics.

FINANCIAL AND OPERATING ANALYSIS

Our financial and operating analysis is based on the historical information provided by the Center, which we have relied upon without independent verification by a third party. Unless otherwise noted, the financial data referenced herein was obtained from the Center's tax returns, internally prepared financial and management assertions regarding such for the years ended December 31, 2013 through December 31, 2016.

The Center has had growing revenues from 2013 through 2016, with an increase of over \$2.25MM or an approximate 12% increase. The increased revenues can be attributed to the continued increase of case volumes. Please see the table below illustrating the case volumes for 2014 through 2016:

Surgical Specialty	2014		2015		2016	
	Cases	GRGYN	Surgical Specialty	Cases	Surgical Specialty	Cases
GRGYN	100	GRGYN	75	GRGYN	61	
Ophthalmology	3,248	Ophthalmology	3,185	Ophthalmology	3,997	
Orthopedics	1,519	Orthopedics	1,824	Orthopedics	1,619	
Otolaryngology	415	Otolaryngology	744	Otolaryngology	755	
Pain Management, Interventional Pain Management	8	Pain Management, Interventional Pain Management	11	Pain Management, Interventional Pain Management	0	
Podiatry	155	Podiatry	127	Podiatry	96	
General Surgery	508	General Surgery	428	General Surgery	454	
Urology, Plastic & Reconstructive	628	Surgery, Plastic & Reconstructive	627	Surgery, Plastic & Reconstructive	510	
Urology	374	Urology	371	Urology	786	
Total	7,285	Total	7,340	Total	7,822	

Prepared by Somerset, May 11, for the Center for Health, LLC, ASC, LLC

Page 11



Approximately 85% of the Center's cases are performed by physicians within the Center's physician owner groups.

The Center's expenses, as a percentage of revenue, have not had any substantial swings. The Center's largest expenses are supplies (medical pharmaceuticals, other), and salaries and wages and benefits (including bonuses). These expenses account for almost 83% of the total 2016 expenses.

As of December 31, 2016, the Center had approximately \$3.9MM in cash. This amount was pre-2017 distributions, which was made in January 2017. The Center typically holds between \$2.5MM and \$2.8MM in cash, based on an established formula. In order to arrive at the distribution amounts, the Center utilizes the following formula, they maintain 5-weeks of needed operating cash, they observe any swings in accounts receivable and accounts payable and withhold cash if needed, they hold back \$250K for Blue Cross Blue Shield, and finally they maintain the cash reserve capital funds on the balance sheet of \$75K. Please see the table below outlining the last three years of distributions made to the owners:

2014		2015		2016	
Quarter	Distribution	Quarter	Distribution	Quarter	Distribution
Q1	\$ 1,200,000	Q1	\$ 1,300,000	Q1	\$ 1,400,000
Q2	1,500,000	Q2	1,500,000	Q2	2,000,000
Q3	1,300,000	Q3	1,400,000	Q3	1,300,000
Q4	1,200,000	Q4	1,300,000	Q4	1,870,000
Total	\$ 5,200,000	Total	\$ 5,500,000	Total	\$ 6,570,000
Average	\$ 1,300,000	Average	\$ 1,375,000	Average	\$ 1,642,500

The Center makes all distributions in the months of January, April, July and October.

FUTURE EXPECTATIONS

The Center has experienced good growth over the last couple of years, but based on our discussions with Management, they believe they had a very productive year in 2016 that would be difficult to duplicate moving forward. The Center is hopeful to achieve 2015 case volume levels in 2017, while maintaining their good payor mix. However, one worry of the Center is the departure of the owners of Midwest Orthopaedic Surgeons, LLC from ownership within the Center. Midwest Orthopaedic Surgeons, LLC is one of two large Orthopaedic practices within Peoria, and they have over 15 surgeons. While the Center believes these surgeons will continue to utilize the Center, they are expecting to lose some cases because of this. Therefore, we have reduced case volumes by approximately 5% (391 cases) in Year 1 of our projections. The Center has been able to replace some of these cases with other surgical specialties, but the other specialties do not pay as well, on a revenue per case basis, as compared to the Orthopaedic cases. Therefore, we have also reduced the revenue per case by approximately 5% in Year 1.

Prepared by: SOMERSET LLP, dated 1/9/2018 for the Center for Health Ambulatory Surgery Center, LLC



In addition, the Center is hopeful to complete a new payor contract with Cigna. As discussed previously, this is the only payor that the Center does not currently have a contract in place with. We have assumed that the Center will finalize their negotiations with Cigna and begin performing cases. We have accounted for this in our Year 1 case volumes.

The city of Peoria is known for being the headquarters of the manufacturer Caterpillar. Based on the 2012 annual financial report, Caterpillar is responsible for 15,000+ employees in Peoria. In the second half of 2017, Caterpillar will be moving its world headquarters to Deerfield, Illinois. The departure to Deerfield will put these employees out of the Center's catchment area, and is expected to apprise approximately 300 employees. We have also accounted for this in our reduced Year 1 case volumes.

Prepared by Somerset, LLC, PC for the Center for Health ASC, LLC



II – ECONOMIC CONDITIONS SUMMARY

The following information was retrieved from bls.gov, detailing demographic information for the Center's locations. The population growth in the service area of the Center has remained fairly stagnant. The table below illustrates additional demographic information for the Center locations.

Demographic Snapshot - Population							
Population	Peoria, IL	Peoria County, IL	Peoria MSA		Peoria, IL	Peoria County, IL	Peoria MSA
2015 Estimate	115,070	186,221	380,447	Households	45,199	75,793	143,607
2010 Census	115,007	186,494	379,186	Average	2.39	2.39	N/A
2000 Census	112,936	183,433	366,899	Household Size			
CAGR 2000-2015	0.12%	0.10%	0.24%	Median Income for a Household	\$ 36,397	\$ 49,747	\$ 42,805
Under the Age of 18	29,573	N/A	N/A	Median Age	34.00	36.86	N/A
Age 18 and Over	85,497	N/A	N/A				
Age 25 and Over	71,689	N/A	N/A				
Age 65 and Over	16,340	N/A	N/A				

Prepared by SOMERSET CPAs, P.C. for the Center for Health ASC, LLC

III - VALUATION PROCEDURES

There are three generally accepted approaches that are commonly used to value any entity, which are as follows:

- Asset (Cost) Approach: Based on the anticipated cost to recreate, replace, or replicate the assets.
- Income Approach: Based on the economic benefits anticipated to be derived from the assets.
- Market Approach: Based on transaction data involving similar assets or services.

Additionally, there are multiple methodologies that fall under one or more of the above valuation approaches. The appropriateness of utilizing one or more valuation methodologies will generally depend upon the specific facts and circumstances of the entity being valued. However, generally speaking, multiple methodologies should be utilized to the extent possible and the results reconciled and/or weighted for purposes of determining the final conclusion of value.

VALUATION METHODOLOGIES CONSIDERED

The following summarizes the valuation methodologies considered for purposes of determining value for the Center.

INCOME APPROACH

We used the discounted cash flow ("DCF") method under the Income Approach. The DCF method provides an indication of value based on the entity's ability to generate economic benefits (i.e., net cash flow) for its owners. Net cash flow is a common measure of a company's dividend-paying capacity because it represents the earnings available for distribution to investors without impairing future operations. The projected net cash flow is discounted to a present value using an appropriate risk-adjusted discount rate.

Our DCF analysis and calculations under this method is included in Exhibit B1.

Ongoing debt free cash flows were adjusted for corporate level tax rates using a federal and state combined rate of 30%, which best reflects the actual tax rate incurred by investors in the Center, after pass-through tax status has been considered.

The resulting value under the DCF method is on a non-controlling, non-marketable basis.

ASSET APPROACH

The asset approach includes an estimation of the reproduction cost of the assets comprising the business. In this approach, the tangible and intangible assets of the Center are valued individually on a going concern basis, and then aggregated to indicate total value. Unless otherwise noted, we utilized balance sheet data as of December 31, 2016. The components of the business enterprise value include net working capital defined as current assets, minus current liabilities, fixed and intangible assets and long-term debt.

Prepared by SOMERSET Advisors for the Center for Health ASC, LLC



We considered, but did not use this method. The cash flows of the business appeared to indicate a value in excess of the value of the Center's Net Equity.

MARKET APPROACH

We researched sales of similar companies using the Pratts Stats database. Our search produced no comparable results due to sporadic nature of reported sales of ambulatory surgery centers. As a result, we have not employed this approach.

Health Care Appraisers performs a study of ASC valuations each year. The most recent study indicated that multiples paid for a controlling interest in a multispecialty center were typically between 7.0x to 7.9x EBITDA. This range is equivalent to prior years.

Furthermore, this study indicates that partners buying in will typically pay between 4.0x and 5.9x EBITDA. The buyout of underperforming or retiring partners is typically done through a valuation formula. 63% of those surveyed pay a 4.0 to 5.9x EBITDA multiple and 12% pay greater than 5.9x EBITDA. These involve non-controlling interests. The general trend is that the multiples have been increasing over the past several years. Based on a combined Year 1 EBITDA of approximately \$6,269,000, one unit would be between \$6,270 and \$9,250 (before reducing the value for interest bearing debt).

These statistics do not necessarily provide for fair market value, but they do inform us as to what is happening in the marketplace for these managed centers.

We also considered utilizing publicly traded companies such as AmSurg, Inc. However, this approach was disregarded, given the relatively low number of public companies within the industry, the differences in size and complexity of the public companies compared to the subject Company, and broad geographic diversity of the public companies. As a result, we have not employed a market approach in our analysis.

IV – DISCOUNT FOR LACK OF MARKETABILITY (“DLOM”)

The concept of marketability is based upon the premise, all other things being equal, that an interest in a business that is readily marketable is worth more than a business that is not readily marketable. This is based upon the principle that the typical investor or business person desires liquidity. Liquidity is defined in the International Business Valuation Glossary as, “the ability to quickly convert property to cash or to pay a liability.” Liquidity is desired due to the risk-averse nature of the typical investor; given the choice between two equally yielding investments, the rational investor will typically be willing to pay more for the more liquid investment. Liquidity decreases risk because the shorter time horizon to liquidate the investment, the lower the chance of an adverse event occurring that would decrease the value of the investment before liquidation.

However, nuanced distinctions do exist between liquidity and marketability. Technically, liquidity refers to how fast a transaction can be completed at the current market price. In contrast, marketability refers to how salable an asset is, which is a function of how deep and developed a market exists for such an asset. For example, if something is liquid, then it is readily marketable; examples would include publicly traded stocks and foreign currencies. Furthermore, if something is not marketable, it is illiquid. A good example of such an asset would be a custom built building. Finally, and perhaps the distinguishing factor between the two is if something is illiquid, it is not necessarily non-marketable. A good example of this type of asset would be a house or an automobile. As a result, the concepts of marketability and liquidity are interrelated, yet distinct.

The Internal Revenue Service (“IRS”), in Revenue Ruling 77-287, recognized the fact that a discount for lack of marketability is appropriate when valuing closely-held or privately held interests. The IRS stated, “securities traded on a public market generally are worth more to investors than those that are not traded on a public market.” Revenue Ruling 77-287 was written in order to provide guidance for the valuation of securities that cannot be immediately resold because they are restricted from sale. The Tax Court has further recognized the existence of DLOMs. In *Central Trust Co. v. United States* (305 F.2d 393, Ct.Cl., 1962) as follows: “It seems clear, however, that an unlisted closely-held stock of a corporation in which trading is infrequent and which therefore lacks marketability, is less attractive than a similar stock which is listed on an exchange and has ready access to the investing public.”

According to James Hächner’s, *Financial Valuation, Applications and Models, Fourth Edition*, the following factors affect the marketability of an investment:

	A	B	C	B
Factors leading to a smaller discount for lack of marketability	Publicly Traded	No restrictions on the sale of securities	Registered securities	Active market relative to the size of the block in question
Factors leading to a larger discount for lack of marketability	Closely Held	Restrictions on the sale of securities	Unregistered securities	Thin market relative to the size of the block in question

Prepared by Somerset, P.A., for the Center for Health ASC, LLC

There are two general types of empirical studies that are typically utilized to determine a DLOM for a non-controlling interest in a business. These include transactions of restricted shares of publicly traded companies (Restricted Stock Studies), and transactions of private company shares prior to a subsequent public offering (Pre-IPO Studies). These studies form the basis of our DLOM selection process. We then consider the rights and restrictions associated with the subject company's ownership units, as well as the fundamental operating performance of the company.

RESTRICTED STOCK STUDIES

Restricted stocks are stocks of publicly traded securities that have significant transfer limitations. The limitations typically prohibit the sale of the security for a certain period of time and can differ from one security to another. Restricted stocks are an ideal candidate for marketability studies in the fact that the only difference between the stock and its freely traded counterparts is its marketability. These stocks have the same voting rights, dividend preferences, etc., of the traded common shares of the same company. As a result, any discounts attributable to these shares would likely be a function of their illiquid nature and the time horizon until the shares are no longer restricted.

Publicly traded corporations typically issue restricted shares (or private letter stock) when contemplating a major acquisition or raising capital for a new investment opportunity. By issuing stock in this manner, the corporation can avoid the time and complications of formally registering new shares with the Securities and Exchange Commission. Such stock is restricted from being sold on the public market for a period of time (typically two years before 1997 and one year since 1997, pursuant to SEC Rule 144 guidelines) but they can be exchanged through private transactions through certain conditions. These private transactions are reported to the SEC and become public record. This public record serves as the basis for the data involved in the restricted stock studies. All things being equal, a marketability discount on a privately held security, with the same time horizon to sale as a publicly traded restricted stock, would likely warrant a slightly higher discount due to its not having the benefit of a public market whatsoever.

IRS revenue ruling 77-287 deals directly with the issue of valuing restricted stocks. It was issued, "to provide information and guidance to taxpayers, IRS personnel, and other concerned with the valuation, for Federal Tax Purposes, of securities that cannot be immediately resold because they are restricted from resale pursuant to Federal securities law." The ruling discusses an SEC study undertaken in the late 1960's in which the SEC analyzed the purchases, sales and holdings of restricted stocks by financial institutions. This study was known as the Securities and Exchange Commission Institutional Investor Study and was the first of many restricted stock studies. We have reviewed a number of published restricted stock studies, and have summarized these in the following table:

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Page 14

Discount for Lack of Marketability - Restricted Stock Studies				
Study	Period	Number of Transactions		Discount
SEC Institutional Investor Study <i>An economic study of institutional investor and their effects on the securities markets, the interests of the issuers of securities, and the public interest.</i>	1966 - 1969	378	Mean	25.80%
Milton Gelman <i>An economic study analyzing transactions based on the prices paid by four closed-end investment funds.</i>	1968 - 1970	89	Mean	33.00%
Robert H. Trout <i>An economic study analyzing purchases of restricted shares by four mutual funds.</i>	1968 - 1972	60	Mean	33.45%
Robert E. Maroney <i>An economic study reviewing the Tax Court's treatment of marketability discounts for closely-held stock.</i>	1969 - 1972	146	Median	23.00%
J. Michael Maher <i>An economic study analyzing SEC filings of four mutual funds.</i>	1969 - 1973	33	Median	33.30%
William F. Pitcock & Charles H. Stryker <i>An economic study analyzing private placement transactions of restricted stock.</i>	1978 - 1982	26	Median	45.00%
Wilmette Management Associates <i>An economic study analyzing "arms length" transactions where the restricted share price was compared with the price of unrestricted shares.</i>	1981 - 1984	33	Median	11.20%
William J. Silber <i>An economic study analyzing private placements of common stock publicly traded companies.</i>	1981 - 1984	69	Mean	33.75%
Hall & Palacki FMV Study <i>An economic study that provided discussion of minority interest discounts and marketability discounts, and reviewed Tax Court decisions involving these.</i>	1979 - 1992	Over 100	Mean	33.00%
Bruce A. Johnson <i>An economic study analyzing the effect of sales, net income, net income margin, and transaction size upon the size of the marketability discounts.</i>	1991 - 1995	72	Mean	20.20%
Columbia Financial Advisors <i>An economic study analyzing private placements of common stock.</i>	1996 - 1997	23	Mean	21.00%
Columbia Financial Advisors <i>An economic study analyzing private placements of common stock.</i>	1997 - 1998	15	Mean	13.00%
FMV Opinions Studies <i>An economic study publishing restricted stock studies on an annual basis.</i>	1980 - 2015	769	Median	15.05%
Management Planning, Inc. <i>An economic study analyzing restricted 21 variables as having "clear tendency" in stock transactions.</i>	2000 - 2007	1,600	Mean	14.60%
Trugman Valuation Associates, Inc. Study <i>An economic study during a time of high market volatility.</i>	2007 - 2008	80	Mean	18.10%
Mean Marketability Discount				26.23%

Based upon the above studies, the restricted shares of public companies typically sell at a discount to the unrestricted shares of the same firms, with those subject to two year holding periods (pre-April 1997) trading at discounts generally between 20% and 35%, and those subject to one year holding periods (post April 1997) trading at discounts generally between 13% and 20%. Regardless, it is important to note that the restrictions on letter stock eventually



lapse, and the purchasers of the shares in the above studies had expectations that the shares would become marketable within two years (subject to potential volume limitations). This situation differs from investors in most private companies, where there is generally no expectation of a future public market for the shares.

PRE-IPO STUDIES

Pre-IPO studies are based upon the premise that difference between the price paid in private transactions of a company's stock before the initial public offering (IPO) and the prices paid by the public during the IPO is indicative of a marketability discount, as the shares held before the offering were illiquid, thus deserving discount and the shares after the offering were instantly liquid, thus receiving a premium above the previous illiquid price. The most frequently cited and well known of these studies is the Baird & Company Studies.

Similar to restricted stock studies, Pre-IPO studies present another form of "benchmark study" that utilizes historical data; however, the number of these studies is significantly lower than the restricted stock studies. These studies have also provided discount levels that are typically higher than those observed in the restricted stock studies. The Tax Court has traditionally been less favorable to this approach, in comparison to the restricted stock studies. The empirical evidence (summarized in the following table) illustrates that significant discounts are required by investors in private companies:



Discount for Lack of Marketability - Pre-IPO Studies							
Study	Period	Number of Transactions	Mean	Period	Number of Transactions	Mean	
Emory Studies <i>Average discount of the studies ranged from 34% to 59%</i>	1980 - 1981	12	59.00%	1992 - 1993	49	45.00%	
	1985 - 1986	19	43.00%	1994 - 1995	45	45.00%	
	1987 - 1989	21	38.00%	1995 - 1997	84	41.00%	
	1989 - 1990	17	46.00%	1997 - 2000	206	50.00%	
	1990 - 1997	30	34.00%	1980 - 2000	543	46.00%	
	Mean Marketability Discount						44.90%
Willamette Studies <i>Study analyzed SEC registration statements, primarily S-1 and S-3B forms. These forms require disclosure of all private transactions of a company's stock within three years before its public offering.</i> <i>Average discount of the studies ranged from 18% to 55.6%</i>	1975 - 1978	11	34.00%	1991	34	21.20%	
	1979	17	55.60%	1992	75	41.90%	
	1980 - 1982	113	48.00%	1993	110	45.90%	
	1983	214	50.10%	1994	43	31.90%	
	1984	33	43.70%	1995	66	32.20%	
	1985	25	41.30%	1996	22	31.50%	
	1986	74	38.50%	1997	44	28.40%	
	1987	40	36.90%	1998	21	35.00%	
	1988	19	41.50%	1999	28	26.40%	
	1989	18	47.30%	2000	15	18.00%	
	1990	23	30.50%	2002	7	55.80%	
Mean Marketability Discount						38.14%	
Hitchner and Morris Studies <i>Average discount of the studies ranged from 19% to 56%</i>	1980 - 1995	47	51.00%	1991 - 1995	11	39.00%	
	1980 - 1995	43	51.00%	1995 - 1996	5	19.00%	
	1980 - 1995	56	43.00%	1995 - 1996	4	56.00%	
	1994 - 1995	10	50.00%	1995 - 1996	2	31.00%	
	1994 - 1995	17	48.00%	Mean Marketability Discount			
Valuation Advisors Studies <i>Average discount of the studies ranged from 19% to 61.21%</i>	1995 - 2006		64.21%	1999 - 2008		59.00%	
	1995 - 2006		57.76%	1999 - 2008		51.00%	
	1995 - 2006		50.41%	1999 - 2008		43.00%	
	1995 - 2006		34.96%	1999 - 2008		29.00%	
	1995 - 2006		24.58%	1999 - 2008		19.00%	
	Mean Marketability Discount						43.25%

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Page 29



The Pre-IPO studies provide discount indications generally between 30% and 60%, with the most recent studies at the lower end of that range. This information, while less relevant than the restricted stock studies due to the time gap between the IPO date and the private transaction dates in the study, provides additional evidence that investors require a substantial discount to purchase securities with impaired marketability.

COMPANY SPECIFIC FACTORS/CONCLUSION

In *Mandelbaum v. Commissioner*, the tax court defined several factors that should be considered when assessing the marketability of a subject company, which was the sole issue at trial. These factors, which are explained in the case summary, include, but are not limited to:

- Financial statement analysis
- Dividend policy
- History and nature of the company
- Management
- Control
- Stock restrictions
- Holding period
- Redemption policy
- Costs of IPO

In addition, in conjunction with the traditional studies and models, a practitioner must consider the factors present in the company being valued in order to calibrate an appropriate discount to the subject equity interest. These factors have been identified as the following:

- Presence of put rights
- Dividend payment history and provisions
- Pool of potential buyers
- The size of the interest
- Prospect of an IPO or sale of business
- Information access and reliability
- Restrictive transfer provisions
- Company characteristics (size, performance and risk)

Based upon the above discussions and analysis, we have concluded that a discount for lack of marketability typically falls within 20% to 35%. Given the Center's distributions and cash withholding formula, the Center maintains good levels of cash to account for daily operations. In addition, the Center's 10-year historical distributions are a very positive attribute to a potential investor of the Center. We have also included the new amended operating agreement in our conclusion. New investors have the ability after their fifth anniversary to voluntarily withdraw from the Center. These are all positive attributes to a new investor that would indicate a smaller discount for lack of marketability.

Based upon our discussions with Management, the data analysis above and our professional experiences and opinion, a DLOM of 20% was concluded for the Center.

Application of this discount to the marketable, non-controlling equity value results in a value of \$6,340 per Class B Unit of the Center on a non-marketable, non-controlling basis.

Prepared by Somerset CPA, PC for the Center for Health ASC, LLC

Page 11



V - CONCLUSION OF FAIR MARKET VALUE

In our opinion, based on our review and analysis, and the assumptions and limiting conditions as described in this summary report, we have concluded that the estimated fair market value of One Class B Unit of the Center using the Income Approach, as of December 31, 2016, on a non-controlling, non-marketable basis, is:

Fair Market Value of One Class B Unit of the CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC As of December 31, 2016	
Income Approach	
Value of One Class B Unit of the Center, Rounded	\$ 6,340

Prepared by Somerset, LLC for the Center for Health Ambulatory Surgery Center, LLC

APPENDICES

Prepared by Somerset Health Services, Inc. for Center for Health Ambulatory Surgery Center, LLC



I hereby certify that to the best of my knowledge and belief:

1. The statements of fact contained in this summary report are true and correct.
2. The reported analyses, opinions and conclusions of value included in the summary valuation report are subject to the specified assumptions and limiting conditions, and they are the personal, impartial, and unbiased professional analyses, opinions and conclusions of the valuation analyst.
3. We have no present or prospective interest in the property that is the subject of this summary report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this summary report or to the parties involved with this assignment.
5. We have performed no services, as an appraiser or in any other capacity, regarding the Center that is the subject of this summary report with the three-year period immediately preceding acceptance of this engagement.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is fee-based and is not contingent on the outcome of the valuation.
8. The economic and industry data included in the summary valuation report have been obtained from various printed or electronic reference sources that the valuation analyst believes to be reliable. The valuation analyst has not performed any corroborating procedures to substantiate that data.
9. Our analyses, opinions, conclusions and this summary report has been prepared in accordance with all applicable professional standards including: the Business Valuation Standards of the American Society of Appraisers, the Statement of Standards for Valuation Services No. 1 of the American Institute of Certified Public Accountants, the Professional Standards of the National Association of Certified Valuation Analysts, and in accordance with the Professional Standards of the Institute of Business Appraisers.
10. The parties for which the information and use of the summary valuation report is restricted are identified; the summary valuation report is not intended to be and should not be used by anyone other than such parties.
11. The valuation analyst has no obligation to update the summary report or the opinion of value for information that comes to our attention after the date of the summary report.
12. This summary report and analysis were prepared under the direction of Thomas J. Thieme, CPA/ABV, CMA, and Stephen J. Diagostino, CPA/ABV with significant professional assistance from Joshua A. Roth, CVA.
13. Joshua A. Roth, CVA and Thomas J. Thieme, CPA/ABV, CMA made a personal inspection of the property that is the subject of this report on May 30, 2017.

SOMERSET CPAS, P.C.

Thomas J. Thieme, CPA/ABV, CMA
Indianapolis, Indiana

Stephen J. Diagostino, CPA/ABV
Indianapolis, Indiana

Prepared by Somerset CPAs, P.C. for the Center for Health ASC, LLC



This summary valuation report is subject to the following assumptions and limiting conditions:

1. Information utilized in connection with preparing this summary report was obtained from sources considered to be informed and reliable. However, we assume no liability for the accuracy of such information.
2. Information provided by representatives of the Center was assumed to be complete and accurate unless otherwise noted. We have not audited or otherwise verified the accuracy of such information and we express no opinion or assurance on it.
3. Possession of this summary report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the express written consent of Somerset CPAs, P.C.
4. We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to this engagement, unless previous arrangements have been made.
5. Unless otherwise provided for in writing and agreed to by both parties in advance, the extent of the liability for the accuracy of the data, opinions, comments, recommendations and/or conclusions shall not exceed the amount paid to Somerset CPAs, P.C., for professional fees for this engagement, and then only to the party(s) for whom this summary report was originally prepared.
6. The various estimates of value presented in this summary report apply to this engagement only and may not be used out of the context presented herein.
7. Except to the extent disclosed herein, this analysis assumes that the Center was operating as a going concern as of the valuation date, and that the character of its present business will remain intact.
8. This analysis contemplates facts and conditions existing as of the valuation date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our calculations for such events and conditions.
9. We have assumed the subject business' operations are in full compliance with all applicable federal, state, and local regulations and laws unless otherwise specified in this valuation report.
10. Statements contained in this summary report are not intended or written to be used, and cannot be used for purposes of evading any penalties that may be imposed by federal tax law.
11. Somerset CPAs, P.C. recommends that the Center consult with its legal counsel to ensure compliance with all legal requirements.
12. The financial statements presented in the exhibits are included solely to assist in the development of the valuation conclusion presented in this summary, and should not be used to obtain credit or for any other purpose. Because of the limited purpose of those parameters, they may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled the financial statements presented in the exhibits, and we express no assurance on them.
13. The financial information presented in the exhibits includes normalization adjustments made solely to assist in the development of the value conclusion presented in this summary report. Normalization adjustments are hypothetical in nature and are not intended to present restated historical results or forecasts of the future in accordance with the American Institute of Certified Public Accountant guidelines.
14. A determination of any liabilities of the business related to environmental issues is outside the scope of this engagement. Management has informed us that the Center was not in violation of any environmental or hazardous waste laws or regulations, based on their understanding of the laws and regulations.
15. Management has represented that, as of the valuation date, the Center was not involved in any legal disputes that could have a significant impact on its financial condition or future operations.

Prepared by: Somerset CPAs, P.C. for the Center for Health Ambulatory Surgery Center, LLC

1. Federal Reserve Statistical Release, *Selected Interest Rates*, December 31, 2016
2. Duff & Phelps, *Valuation Handbook Guide to Cost of Capital*, 2017
3. City-Data.com, *Peoria, Illinois*, Website 2016
4. Bureau of Economic Analysis, Website 2016
5. U.S. Census Bureau, *State & County QuickFacts: Illinois*, 2016
6. Medical Group Management Association, *Physician Compensation & Production Survey*, 2017
7. Medical Group Management Association, *Cost Survey*, 2017
8. Bureau of Labor Statistics, *Illinois*, Website 2016
9. Tax Returns for 2014 through 2016
10. 2016 Depreciation Schedule – Financial and Federal
11. Internal Financial Reports as of December 31, 2013 through December 31, 2016
12. 2016 Accountants Compilation Report
13. Somerset Questionnaire
14. Payor Mix, by Physician, for 2014 through 2016
15. Aging by Carrier
16. CPT Codes with Fee Schedule
17. Vendor Balance Summary
18. 2017 Budget
19. Stryker Flex Financial Lease
20. Operating Agreement
21. Current Employee Summary
22. Physician Utilization Report for 2014 through 2016
23. Notes Payable Summary and Amortization Schedules

Prepared by Somerset Capital LLC for the Center for Health Ambulatory Surgery Center, LLC



Thomas J. Thieme, CPA/ABV, CMA
317.472.2151
tthieme@somersetcpas.com

Tom is a principal in Somerset's Entrepreneurial Team and Litigation & Valuation Team. He is involved in valuations for mergers and acquisitions, buy/sell agreements and estates for businesses and individuals in a variety of industries. Tom has experience in reviewing and auditing financial statements, personal and corporate taxation, business valuations and business forecasts and projections. He graduated with distinction from Purdue University with a B.S. in accounting. Tom holds the Certified Management Accountant designation and the Accredited in Business Valuation certification. He is a member of the American Institute of CPAs, the Indiana CPA Society and the Institute of Management Accountants. Tom is on the finance committee of his church.

Key Areas of Expertise

- Attestation services - compilations, reviews and prospective financial statements
- Year-end tax services
- Tax and estate planning
- Consultation services - budgeting, management consulting and assistance with ownership transfers
- Litigation services - business valuations, damage analysis and assessment and lost profits

Education

Purdue University - West Lafayette, Indiana
Bachelor of Science - Accounting

American Institute of Certified Public Accountants
Accredited Business Valuator (ABV)
Certified Public Accountant (CPA)

Institute of Management Accountants
Certified Management Accountant (CMA)

Prepared by Somerset CPAs, P.C. for the Center for Health Ambulatory Surgery Center, LLC



Professional Affiliations

- American Institute of Certified Public Accountants
- Indiana CPA Society
- Institute of Management Accountants

Professional Experience

2000 to Present

1993 to 2030

Somerset CPAs, P.C.

Principal, Senior Manager, Manager, Supervisor, Senior and Staff Accountant - Litigation Services Group and Entrepreneurial Services Group

Responsibilities as a manager in Entrepreneurial Services team include managing various clients in a variety of industries. Services included attestation services, including compilations, reviews and prospective financial statements. Duties also include year-end tax services and tax estate planning. Other consulting includes budgeting, management consulting and assistance with ownership transfers. Litigation services include business valuations, damage analysis, assessments and lost profits

1999 to 2000

Broadwing IT Consulting

Chief Financial Officer

Responsible for all financial aspects of a \$50 million multi-state information technology consulting business that was a division of Broadwing Communications. Duties included managing staff, monthly financial and management reporting, developing financial reports, detailed budgeting and tax reporting.

Civic Organizations

- YPress, Inc. - Past Treasurer
- St. Louis de Montfort Catholic Church - Finance Committee

Prepared by Somerset CPAs, P.C. for the Center for Health Ambulatory Surgery Center, L.L.C.

Speaking Engagements

- **Indiana Continuing Legal Education Forum**
Indianapolis, Indiana - December 20, 2005
Valuation of Businesses in an Estate Planning Context
- **Lorman**
Indianapolis, Indiana - December 2, 2005
Estate Planning Issues Regarding Family Limited Partnerships and Limited Liability Companies
- **Barnes & Thornburg**
Indianapolis, Indiana - October 12, 2004
Anatomy of a Valuation
- **Indiana CPA Society**
Indianapolis, Indiana - May 12, 2004
Court Case Update

Expert Testimony

- March and June 2006 - Reeder v. Reeder, Divorce - Business Valuation, Hamilton County Superior Court 3
- March 2006 - Ruff v. Ruff Divorce - Child Support, Marion County
- August 2005 - Fisher v. Fisher, Divorce - Business Valuation, Marion County Superior Court 5
- May 2001 - Farrell v. Farrell, Divorce - Business Valuation, Hendricks County Superior Court 2, Judge Coleman
- December 2002 - Davis v. Silhavy, Personal Injury - Lost Income, Marion County Probate Court
- November 2002 - Farrell v. Farrell, Divorce - Business Valuation, Hendricks County Superior Court 2, Judge Coleman

Specific Valuation and Litigation Services Education

- The 2016 AICPA National Business Valuation Conference - November 2016
- The 2015 AICPA National Business Valuation Conference - November 2015

Prepared by Somerset, A.C. for the Center for Health Ambulatory Surgery Center, L.L.C.



Specific Valuation and Litigation Services Education (Continued)

- The 2014 AICPA National Business Valuation Conference - November 2014
- The 2013 AICPA National Business Valuation Conference - November 2013
- The 2012 AICPA National Business Valuation Conference - November 2012
- The 2011 AICPA National Business Valuation Conference - November 2011
- The 2010 AICPA National Business Valuation Conference - November 2010
- The 2009 AICPA National Business Valuation Conference - November 2009
- The 2008 AICPA National Business Valuation Conference - November 2008
- The 2007 AICPA National Business Valuation Conference - December 2007
- The 2006 AICPA National Conference on Fraud and Litigation Services - October 2006
- The 2005 AICPA National Business Valuation Conference - November 2005
- The 2004 AICPA National Business Valuation Conference - November 2004
- The 2003 AICPA National Business Valuation Conference - November 2003
- Family LLC & Family Limited Partnership Update, Indiana Bar Association - May 2003
- The 2002 AICPA National Business Valuation Conference, AICPA - November 2002
- Business Valuation Knowledge Network - Valuation of S-Corporations, AICPA - September 2002
- Tax Affecting S-Corporation Earnings, Shannon Pratt - August 2002
- Auditing Requirements and Valuation issues in Financial Reporting, AICPA - March 2002
- Valuation for Financial Reporting, AICPA - February 2002
- The 2001 AICPA National Business Valuation Conference - December 2001
- Fundamentals of Business Valuation: Level I, Indiana CPA Society - September 2000
- Business Valuation Knowledge Network - Recent Court Case Update, Indiana CPA Society - August 2000

Publications

- Thomson Reuters - Valuation Strategies
May/June 2011, Volume 14, Number 5
Valuing Physician Medical Practices

Prepared by SOMERSET CPAs PC for the Center for Health Ambulatory Surgery Center, LLC



Stephen J. Diagostino, CPA/ABV
317.472.2191
sdiagostino@somersetcpas.com

Steve is a principal in Somerset's Health Care Team. Steve's areas of responsibility and expertise include fair market valuations for physician practices, ambulatory surgery centers, specialty hospitals, consulting agreements, imaging centers, service lines and other ancillary businesses; development of financial studies for physician joint ventures and ancillary services; development of physician income distribution methodologies for private practices and physician networks; physician buy/sell and employment agreements; practice management and financial recruiting and facilitation for placement of recruited parties; physician practice ownership structure and related governance; practice focuses of Cardiology, Orthopaedics, Ophthalmology, Obstetrics And Gynecology and Anesthesia; and health care regulatory issues related to Fraud and Abuse, Stark and Anti-kickback. He works directly with physicians and hospital leaders and responds to issues and concerns of managing our physician practices on an ongoing basis. Before joining the firm in 1995, Steve started his career in the health care group of a regional CPA firm. Steve received a B.S. in accounting from Purdue University in 1991. Steve is a member of the Indiana CPA Society, the American Institute of CPAs, the Indiana Medical Group Management Association and the Medical Group Management Association. He was named to the Indianapolis Business Journal's "Who's Who Behind the Scenes in Health Care" list in 2003. He is a finance committee member for the Ronald McDonald House, board member for the Foundation Fighting Blindness and an active member of St. Monica's Church and School. Steve co-authored an article published in the May/June 2011 issue of Thompson Reuters - Valuation Strategies titled Valuing Physician Medical Practices.

Key Areas of Expertise

- Financial studies for physician joint ventures and ancillary services for the development of medical office buildings, ambulatory surgery centers, specialty hospitals, cath labs and ancillaries such as MRI, PT, DME
- Negotiation of physician/hospital relationships for ambulatory surgery centers, ancillaries, imaging, specialty hospitals and cath labs
- Income distribution methodology, design and change management
- Physician buy/sell agreements and employment agreements
- Development of practice buy-in/buy-out agreements and valuations
- Development of ambulatory surgery centers, medical office buildings and associated ancillaries
- Financial feasibility for specialty hospitals
- Fair Market Value Analysis for physician practices, ancillaries, hospitals and other health care businesses
- Facilitation and negotiation of Physician/Hospital Contracts
- Development of health care delivery systems and multi-physician specialty organizations
- Analysis and facilitation of joint ventures, mergers and acquisitions
- Strategic planning and business plan development
- Corporate, partnership, limited liability company and individual taxation

Prepared by Somerset CPAs, LLC for the Center for Health Ambulatory Surgery Center, LLC



Key Areas of Expertise (Continued)

- Development of succession planning objectives and strategies
- Recruitment of physicians and key management positions (CEO, CFO, COO, etc.)
- Physician practice ownership structure and related governance
- Health care regulatory issues related to Fraud and Abuse, Stark and Anti-kickback
- Specialty areas include Cardiology, Orthopaedics, Ophthalmology, Obstetrics and Gynecology, and Anesthesia

Education

Purdue University - West Lafayette, IN
Bachelor of Science - Accounting

Professional Affiliations

- American Institute of Certified Public Accountants
- Indiana Academy of Ophthalmology
- Indiana CPA Society
- Indiana Medical Group Management Association
- Medical Group Management Association

Professional Experience

1995 to Present
Somerset CPAs, P.C.
Principal, Health Care Team

1991-1995
Crowe Horwath (formerly Crowe Chizek)
Supervisor, Health Care Group

1991
BKD (formerly Geo. S. Olive)

Prepared by Somerset CPAs, P.C. for the Center for Health Ambulatory Surgery Center, LLC

Honors

- *Indianapolis Business Journal*, "Who's Who Behind the Scenes in Health Care" 1st - 2003

Civic Organizations

- American Heart Association - Company Leader - 2002-2005
- Foundation Fighting Blindness - Indianapolis Chapter Board Member - 2007-Present
- Ronald McDonald House - Finance Committee - 2004-Present; Planned Giving Committee - 2003-2005
- St. Monica Athletic Coach - 2008-2010
- St. Monica School Commission - 2006-2008
- West 86th Board Treasurer - 2005-2010
- IU Planned Giving Committee - 2013 to Present

Speaking Engagements

- American Association of Orthopaedic Executives
Annual 2014 Conference
Washington, DC - May 31 - June 3, 2014
Understanding Fair Market Valuations

- MedAxiom
Spring 2014 Conference
Naples, FL - April 23-25, 2014
Valuation of Physician Compensation Programs

- Spring 2013 Conference
Amelia Island, FL - April 17-19, 2013
Renegotiating Physician Compensation with Your Hospital for Integrated and Private Groups: From Co-Management to Full Employment

- Fall 2012 Conference
San Antonio, TX - October 3-5, 2012
Valuation | ReValuation Strategies for Compensation: Clinical | Administrative | Teaching

Prepared by Somerset - A4 Preparer Qualifications - ASC, LLC

Speaking Engagements (Continued)

Cardiovascular Service Line Symposium
 Chicago, IL - June 7, 2012
Emerging Contracts: How to Design and Value

Spring 2012 Conference
 Washington, DC - April 20-22, 2012
FMV Compensation Workshop

Fall 2011 Conference
 Dana Point, CA - October 12-14, 2011
Are you getting paid for all the work you do? - On Call, Medical Directorships, MLP Supervision, CVSL Management, Section/Department Head Leadership

• **American Academy of Orthopaedic Surgeons - Regional Conferences**

EOA - Las Vegas, Nevada - October 2008
 SOA - Hot Springs, Virginia - June 2008
Revenue Enhancement Opportunities - Business Considerations
Income Distribution Overview & Considerations for Ancillaries
Succession Planning and Buy-In and Buy-Out Approaches

• **American College of Cardiology (ACC) - Cardiovascular Leadership Institute (CLI)**

Evolving Models of Cardiovascular Practice Symposium
 Las Vegas, NV - June 2010
Evolving Models of Cardiovascular Practice, "Surviving and Thriving" In a Time of Change - Fair Market Value Considerations
 Washington, D.C. - November 2009

• **American Academy of Orthopaedic Surgeons - Regional Conferences**

EOA - Las Vegas, Nevada - October 2008
 SOA - Hot Springs, Virginia - June 2008
Revenue Enhancement Opportunities - Business Considerations
Income Distribution Overview & Considerations for Ancillaries
Succession Planning and Buy-In and Buy-Out Approaches

Prepared by: Somerset PA, PC, for the Center for Health ASC, LLC

Speaking Engagements (Continued)

- Indiana Academy of Ophthalmology
 Indianapolis, Indiana – September 2006
Show Me the Numbers: Guide to Using Budgets & Benchmarking to Improve Performance
- Indianapolis, Indiana – September 2005
Commercial and Government Insurance Update: How to get the most from your payers
- Indianapolis, Indiana – September 2004
Payer Contracting

Specific Valuation/Health Care Services Education

- The 2016 AICPA National Business Valuation Conference - November 2016
- AHLA Health Care Transactions – April 2015
- AHLA Physicians and Hospitals Law Institute – February 2015
- MedAxiom Spring 2015 Conference – April 2015
- AHLA Health Care Transactions – April 2014
- AHLA Physicians and Hospitals Law Institute – February 2014
- ACC – MedAxiom Summit – January 2014
- MedAxiom Fall 2014 Conference – October 16-18, 2013
- 2014 Business Valuation Resources Healthcare Symposium Series
- 2013 Business Valuation Resources Healthcare Symposium Series
- MedAxiom Fall 2013 Conference – October 16-18, 2013
- MedAxiom Update for Cardiology Administrators – April 2013
- AICPA ABV Credential Achieved – January 2013
- MedAxiom Update for Cardiology Administrators – April 2012
- National Business Institute *Business Valuation* – December 2010
- Business Valuation Resources *Healthcare Reform and its Impact on Valuation* – June 2010
- AICPA National Healthcare Industry Conference – September 2008
Valuation: Physician-Hospital Joint Ventures

Prepared by SOMERSET CPA, P.C. for the Center for Health Ambulatory Surgery Center, LLC



Specific Valuation/Health Care Services Education

- AICPA National Healthcare Industry Conference – November 2007
Healthcare Valuation and the Impact of Recent Court Cases
- FASA 2005 Annual Meeting *Acquisitions and Valuations-A Buyer's Perspective on Selling Your ASC – May 2005*
- 2nd Annual Orthopedic-Driven ASC Conference *Valuation Issues for ASCs and Orthopaedic Centers: Majority Interests VS Minority Interests and Other ASC Issues – June 2004*
- NCCE *Mergers, Acquisitions and Business Valuation – June 2001*
- Indiana CPA Society Healthcare Industry and Medical Practice Valuation - September 1997
- AICPA National Healthcare Industry Conference – July 1997
Medical Practice Valuations in a Dynamic Market

Publications

- Thomson Reuters - *Valuation Strategies*
May/June 2011, Volume 14, Number 5
Valuing Physician Medical Practices
- Indianapolis Business Journal
Indianapolis, Indiana - October 2006
HSAs can create cash flow woes for medical providers
 - *Orthopaedic Practice Management, Vol. 2, No. 4*
Birmingham, Alabama – April 2009
Quoted in - Consider your market niche, competition before going cash only

Prepared by Somerset CPA, LLC for the Center for Health ASC, LLC

EXHIBITS

Reference: Somerset PA, LLC to the Center for Health ASC, LLC



CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC
 Valuation of One Class B Unit of the Center
 December 31, 2016

EXHIBIT A1 Historical and Common Size Balance Sheets

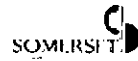
	Historical Balance Sheets				Percentage of Total Assets			
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2013	12/31/2014	12/31/2015	12/31/2016
ASSETS								
Current Assets								
Cash in Bank	\$ 2,694,082	\$ 2,596,780	\$ 2,787,355	\$ 3,898,857	44.49%	44.39%	44.37%	49.90%
Cash Reserve Capital Funds	75,000	75,000	75,000	75,000	1.24%	1.28%	1.19%	0.96%
Accounts Receivable, Trade	2,327,897	2,157,046	2,491,855	2,511,165	38.45%	36.87%	39.66%	32.14%
Accounts Receivable, Other	60,059	0	0	2,445	0.99%	0.00%	0.00%	0.03%
Prepaid Expenses	17,329	65,005	62,170	67,700	0.29%	1.11%	0.99%	0.87%
Total Current Assets	5,374,367	4,893,831	5,436,380	6,555,167	85.46%	83.66%	86.21%	83.90%
Fixed Assets								
Depreciable Assets	7,099,216	7,431,056	7,687,853	\$ 8,479,947	117.75%	127.04%	127.29%	108.02%
Less: Accumulated Depreciation	(6,236,417)	(6,491,264)	(6,830,199)	(7,193,316)	-103.00%	-130.96%	-109.72%	-92.07%
Total Property and Equipment	862,799	940,392	857,654	1,246,676	14.25%	16.06%	13.57%	15.96%
Other Assets								
Organizational Costs	32,454	32,454	32,454	32,454	0.54%	0.55%	0.52%	0.42%
Less: Accumulated Amortization	(14,605)	(16,768)	(18,912)	(21,095)	-0.24%	-0.29%	-0.30%	-0.27%
Total Other Assets	17,849	15,686	13,542	11,359	0.29%	0.27%	0.22%	0.15%
Total Assets	\$ 6,055,015	\$ 5,849,909	\$ 6,282,556	\$ 7,813,202	100.00%	100.00%	100.00%	100.00%



CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC
 Valuation of One Class B Unit of the Center
 December 31, 2016
 Exhibit A1 - Historical and Common Size Balance Sheets

	Historical Balance Sheets				Percentage of Total Assets			
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2013	12/31/2014	12/31/2015	12/31/2016
LIABILITIES & EQUITY								
Current Liabilities								
Accounts Payable	\$ 876,937	\$ 595,095	\$ 822,588	\$ 920,484	14.48%	10.17%	13.09%	11.78%
Accrued Wages	90,624	110,062	117,184	145,630	1.50%	1.88%	1.87%	1.80%
Due to Blue Cross	267,650	270,611	329,038	339,773	4.42%	4.63%	5.24%	4.75%
Payroll Liabilities	322	8	0	0	0.01%	0.00%	0.00%	0.00%
Current Maturities of Long-Term Debt	112,191	138,718	59,826	141,077	1.85%	2.39%	0.95%	1.81%
Accrued Expenses	0	0	6,345	0	0.00%	0.00%	0.10%	0.00%
Total Current Liabilities	1,347,724	1,115,486	1,334,641	1,546,973	22.26%	19.07%	21.25%	19.80%
Long-Term Liabilities								
Notes Payable, Less Current Liabilities	126,420	157,575	97,750	390,840	2.09%	2.69%	1.56%	5.00%
Members' Equity								
Members' Equity	5,161,275	4,580,871	4,576,848	4,849,825	85.24%	78.11%	77.85%	62.07%
Distributions, Current Year	(6,900,000)	(5,300,000)	(5,450,000)	(6,000,000)	-133.96%	-93.60%	-86.75%	-76.79%
Net Income, Current Year	6,319,596	5,295,977	5,722,977	7,025,564	104.37%	93.53%	91.04%	89.97%
Total Equity	4,580,871	4,576,848	4,849,825	5,875,389	73.65%	73.24%	77.20%	75.20%
Total Liabilities and Members' Equity	\$ 6,055,015	\$ 5,849,909	\$ 6,282,556	\$ 7,813,202	103.00%	103.00%	100.00%	100.00%

Prepared by: [illegible]



	Historical Income Statements For the Periods Ending				Normalizing Adjustments	Base Year	Percentage of Revenue For the Periods Ending				
	12/31/2012	12/31/2014	12/31/2015	12/31/2016			12/31/2013	12/31/2014	12/31/2015	12/31/2016	Base Year
Case Volume	6,976	7,705	7,340	7,822	0	7,877					
Revenue Per Case	\$ 7,694.59	\$ 75,88.60	\$ 2,595.75	\$ 2,693.58	\$ 0	\$ 2,699.58					
Net Medical Revenue	\$ 18,514,779	\$ 18,700,604	\$ 19,051,038	\$ 20,116,146	\$ 0	\$ 21,134,344	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Expenses	12,704,616	12,808,721	13,014,117	11,678,910	(10,000)	13,628,910	64.72%	70.07%	68.41%	64.78%	64.54%
Operating Income	6,052,113	5,451,881	6,038,326	7,437,236	50,000	7,487,236	35.28%	29.93%	33.19%	35.22%	35.46%
Other Income / (Expenses)											
Revenue Growth	7,671	6,076	5,541	6,274	0	6,774	0.00%	0.07%	0.23%	0.07%	0.01%
Office Income	9,200	21,676	21,176	41,581	0	41,581	0.05%	0.13%	0.13%	0.20%	0.20%
Interest Expense	(6,512)	(11,069)	(6,496)	(7,100)	0	(7,100)	-0.03%	-0.02%	-0.03%	-0.03%	-0.03%
Bad Debt Expense	(940,976)	(208,705)	(113,914)	(454,831)	0	(454,831)	-3.81%	-1.14%	-1.66%	-2.15%	-2.15%
Gain on Sale of Equipment	0	0	0	2,800	17,000	0	0.00%	0.00%	0.00%	0.01%	0.00%
Total Other Income (Expenses)	15,867,781	(185,239)	(293,319)	(411,627)	(2,000)	(411,627)	2.75%	-1.01%	1.55%	-1.95%	1.06%
Income Before Taxes	6,321,455	5,266,642	5,722,977	7,025,609	48,000	7,073,609	33.52%	28.96%	30.04%	33.27%	33.50%
Taxes	(1,877)	(687)	0	0	0	0	-0.01%	0.00%	0.00%	0.00%	0.00%
State Income Tax	(1,877)	(687)	0	0	0	0	-0.01%	0.00%	0.00%	0.00%	0.00%
Net Income	\$ 6,119,578	\$ 4,575,955	\$ 5,722,977	\$ 7,025,609	\$ 48,000	\$ 7,073,609	33.51%	28.96%	30.04%	33.27%	33.50%

Normalizing Adjustments:
 * - Normalized to zero (0):

Prepared by Somerset, Inc. for the Board of Directors of Childs Health Center, Inc.



MEMORANDUM FOR THE BOARD OF DIRECTORS
 Calculation of Clinical Care Expenses
 December 31, 2018

	Historical Operating Expenses For the Periods Ending				Normalizing Adjustments	Base Year	Percentage of Revenue For the Periods Ending					
	12/31/2013	12/31/2014	12/31/2015	12/31/2016			12/31/2013	12/31/2014	12/31/2015	12/31/2016	Base Year	
Operating Expenses												
Medical Supplies	\$ 4,512,666	\$ 4,858,715	\$ 5,217,956	\$ 5,813,425	\$ 0	\$ 5,613,425	23.93%	26.56%	27.19%	26.54%	26.54%	
Pharmaceuticals	355,379	390,039	460,845	478,278	0	478,278	1.87%	2.11%	2.31%	2.26%	2.26%	
Other Direct Expenses	168,279	201,114	201,187	372,671	0	372,671	0.99%	1.11%	1.00%	0.82%	0.82%	
Salaries & Wages	3,495,065	3,616,793	3,552,583	3,667,302	0	3,667,302	16.53%	19.78%	18.85%	17.46%	17.46%	
Wages - Bonuses	270,818	175,891	187,842	227,803	0	227,803	1.49%	0.96%	0.99%	1.06%	1.06%	
Employee Benefits	982,164	1,173,864	1,042,343	974,529	0	974,529	5.21%	6.18%	5.50%	4.52%	4.52%	
Pests Expense	973,140	981,053	987,379	977,085	0	997,084	5.15%	5.36%	5.15%	4.72%	4.72%	
Equipment Lease	84,950	179,483	84,398	351,849	0	351,849	0.45%	0.71%	0.44%	1.72%	1.72%	
Insurance	114,274	123,191	112,704	308,502	0	308,502	0.63%	0.67%	0.59%	0.51%	0.51%	
Professional Fees	495,218	549,780	547,223	583,381	A	543,381	2.57%	3.01%	2.87%	3.61%	3.61%	
Other Supplies	214,541	263,528	316,562	315,878	0	315,878	1.67%	1.54%	1.64%	1.59%	1.59%	
Depreciation and Amortization	436,448	348,506	308,912	361,114	0	353,113	2.38%	2.01%	1.78%	1.72%	1.72%	
Total Operating Expenses	\$ 17,216,616	\$ 17,888,121	\$ 17,014,712	\$ 17,678,943	\$ (10,800)	\$ 17,628,913	69.72%	70.03%	68.41%	64.78%	64.58%	

Material Adjustments:
 A - Removed SMTC to account for the increased legal fees relating to the 2018 lawsuit



CENTER FOR HEALTH AMBULATORY SURGERY CENTER LLC
 Valuation of One Class B Unit of the Center
 December 31, 2016

Exhibit B1 Income Approach Discounted Cash Flows Approach Conclusion of Value

	Year 1	Year 2	Year 3	Year 4	Year 5	Terminal
Income Before Taxes	\$ 5,851,018	\$ 6,193,334	\$ 6,765,767	\$ 6,901,087	\$ 7,070,678	\$ 7,535,794
Income Taxes (30%)	(1,755,305)	(1,858,000)	(2,029,730)	(2,070,325)	(2,103,201)	(2,260,738)
Income After Taxes	4,095,713	4,335,334	4,736,037	4,830,762	4,967,477	5,275,056
Cash Flow Adjustments						
Capital Expenditures	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Debt Service	(149,031)	(152,718)	(150,629)	(81,423)	0	0
Depreciation and Amortization	413,118	463,118	513,118	563,118	613,118	250,000
Total Cash Flow Adjustments	14,087	60,380	112,469	229,695	363,118	8
Cash Flow to Invested Capital	4,109,800	4,395,654	4,848,526	5,056,457	5,270,595	\$ 5,275,056
Discount Period (Years)	8.50	1.50	2.50	3.50	4.50	
Discount Rate	17.85%	17.85%	17.85%	17.85%	17.85%	
Present Value	\$ 3,785,785	\$ 3,435,618	\$ 3,215,776	\$ 2,845,721	\$ 2,516,960	
Present Value of Interim Cash Flows						\$ 15,800,060
Terminal Value Calculation						
Cash Flow to Invested Capital in Terminal Period						\$ 5,275,056
Terminal Period Capitalization Rate						15.85%
Capitalized Cash Flows						33,281,118
Discount Period (Years)						4.50
Discount Rate						17.85%
Terminal Value						15,893,371
Market Value of Equity, Non-Controlling, Marketable Basis, Rounded						\$ 31,693,400
Marketability Discount						20.00% (6,335,680)
Market Value of Equity, Non-Controlling, Non-Marketable Basis, Rounded						\$ 25,357,720
Value of One Class B Unit of the Center, Rounded						\$ 6,340

Due to low levels of expected growth, adequate levels of working capital (once current maturities of long-term debt have been repaid) and the fact that a minority interest is being valued, no working capital adjustments have been applied.

Prepared by Somerset: LLC, PC for CHSP, LLC



CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC
Valuation of a 1% Unit Interest of the Center
December 31, 2016

Exhibit B2 Income Approach Calculation of Discount / Capitalization Rate

Risk-free Rate (20-Year Treasury Note Rate) (A)	2.79%
Equity Risk Premium (B)	5.97%
<i>Average Market Return</i>	8.76%
Benchmark Premium for Size (C)	5.59%
Company Specific Premium (D)	3.50%
Equity Discount Rate	17.85%
Less: Long-Term Sustainable Growth Rate	-2.00%
Equity Capitalization Rate	15.85%

(A) - Risk-free rate as of December 31, 2016.

(B) - Equity risk premium based on the Duff and Phelps 2017 Valuation Handbook.

(C) - Benchmark premium for size based on the Duff and Phelps 2017 Valuation Handbook.

(D) - Company specific premium based on the Valuers' professional experiences and opinion.

Prepared by: Somerset CPA, PC for the Center for Health, ASC

	Base Year	Normalized Income Statements					Terminal	Percentage of Income									
		Year 1	Year 2	Year 3	Year 4	Year 5		Year 1	Year 2	Year 3	Year 4	Year 5	Terminal				
Case Revenues	7,572	A	7,411	7,054	7,354	8,042	4,361	6,357									
Revenue Per Case	\$ 2,499.12	B	\$ 2,164.68	\$ 2,538.73	\$ 2,898.62	\$ 2,497.52	\$ 2,499.12	\$ 2,299.55									
Net Medical Revenue	\$ 21,143.94	C	\$ 19,872,541	\$ 20,326,221	\$ 21,241,290	\$ 22,489,134	\$ 22,743,242	\$ 22,266,209	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses	11,628,539		12,528,294	11,626,952	12,362,753	14,088,719	14,886,277	16,728,565	54.5%	62.2%	57.2%	48.6%	45.2%	48.1%	48.1%	61.1%	
Operating Income	7,487,705		6,118,767	6,641,771	7,858,537	7,791,074	7,111,862	7,497,644	35.5%	37.8%	32.7%	31.4%	31.9%	31.9%	38.9%	38.9%	
Other Income (Expenses)																	
Interest Income	6,271	F	6,274	6,234	6,274	6,271	6,274	6,271	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other Income	41,991	E	41,991	41,991	41,991	41,991	41,991	41,991	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Interest Expense	(1,988)	D	(1,987)	(1,986)	(1,987)	(1,987)	(1,987)	(1,987)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Net Debt Expense	(454,433)	C	(527,897)	(398,656)	(454,214)	(466,910)	(375,733)	(393,708)	2.3%	1.9%	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	
Other Other Income (Expense)	14,181,777		(287,136)	(298,930)	(113,062)	(119,979)	(328,188)	(171,890)	196%	1.9%	1.0%	1.4%	1.4%	1.4%	1.4%	1.4%	
Income Before Taxes	\$ 7,873,964		\$ 5,811,818	\$ 6,391,154	\$ 6,863,782	\$ 6,491,062	\$ 7,012,674	\$ 7,191,764	31.5%	37.7%	30.7%	31.8%	31.7%	31.6%	31.6%	31.6%	

Normalizing Adjustments:

- A - Base Case with a 1% reduction in Year 1 based on the departure of the minority, non-OTM-owned group from the Center. Following Year 1 we have normalized a 1.0% growth in case volumes in Years 2 and 3, and then we added a 1% case volume growth in year 4 through the Terminal year.
- B - Base Case with a 1% reduction in Year 1 based on the departure of the minority, non-OTM-owned group from the Center. Following Year 1, we have normalized a 1.1% growth in Year 2 and 3, and then we expected revenues per case to return to the Base Case result in Year 4 through the Terminal year.
- C - Normalized based on the schedule established in scenario A.
- D - Normalized based on the amount schedule provided by the Center's requestors.
- E - Normalized as equal to the Base Year.
- F - Normalized as equal to the Base Year.



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Operating Expense	Base Year	Forecasted Operating Expenses						Percentage of Revenue						
		Year 1	Year 2	Year 3	Year 4	Year 5	Terminal	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Terminal
Medical Supplies	\$ 5403,475	\$ 4,617,904	\$ 5,348,671	\$ 5,841,130	\$ 5,778,029	\$ 5,886,493	\$ 6,094,220	26.58%	25.25%	26.52%	26.19%	26.58%	26.58%	26.58%
Pharmaceuticals	479,278	451,461	453,720	441,130	498,718	503,544	511,575	2.21%	2.26%	2.26%	2.26%	2.26%	2.26%	2.26%
Other Direct Expenses	177,971	253,579	364,329	377,370	377,527	383,671	388,699	0.82%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Salaries & Wages	1643,182	4,743,048	4,676,909	4,512,294	4,792,244	4,992,609	4,932,562	17.80%	39.30%	39.60%	39.47%	38.39%	38.19%	38.19%
Wages - Benefits	222,893	283,080	312,241	324,149	329,899	332,139	336,917	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Employer Benefits	474,529	694,020	1,041,908	1,041,376	1,054,662	1,075,959	1,097,416	4.07%	5.27%	5.08%	4.97%	4.91%	4.83%	4.86%
Real Estate	997,884	1,087,051	1,417,125	1,827,297	1,840,530	1,847,945	1,854,425	4.72%	5.21%	5.08%	4.84%	4.81%	4.74%	4.74%
Equipment Lease	151,849	274,366	353,969	342,263	354,256	362,454	371,007	0.72%	0.87%	0.79%	0.76%	0.76%	0.76%	0.76%
Insurance	884,570	117,154	112,979	115,839	117,143	118,894	122,290	0.53%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Professional Fees	541,363	501,881	643,362	554,749	545,334	576,490	598,871	2.57%	1.11%	2.23%	2.41%	2.07%	2.07%	2.07%
Other Supplies	611,838	285,083	300,968	311,775	326,749	331,244	337,869	1.58%	1.59%	1.58%	1.57%	1.56%	1.56%	1.56%
Depreciation and Amortization	560,218	411,318	461,218	61,181	548,119	113,118	258,000	2.79%	2.37%	2.57%	2.47%	2.97%	2.72%	2.72%
Total Operating Expenses	\$ 13,622,910	\$ 17,876,791	\$ 19,626,967	\$ 18,162,930	\$ 18,478,117	\$ 18,828,279	\$ 19,376,511	64.90%	67.90%	67.70%	66.57%	66.54%	66.57%	66.57%

- Forecasted Operating Expense Assumptions:
- F - Forecast of Base Year percentage of revenues
 - G - Forecast of 2% annual growth
 - H - Forecast of 2% annual growth
 - I - Forecast of 2% annual growth
 - J - Forecast of 2% annual growth
 - K - Forecast of 2% annual growth
 - L - Forecast of 2% annual growth
 - M - Forecast of 2% annual growth
 - N - Forecast of 2% annual growth
 - O - Forecast of 2% annual growth
 - P - Forecast of 2% annual growth
 - Q - Forecast of 2% annual growth
 - R - Forecast of 2% annual growth
 - S - Forecast of 2% annual growth
 - T - Forecast of 2% annual growth
 - U - Forecast of 2% annual growth
 - V - Forecast of 2% annual growth
 - W - Forecast of 2% annual growth
 - X - Forecast of 2% annual growth
 - Y - Forecast of 2% annual growth
 - Z - Forecast of 2% annual growth

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Letter of Intent
Purchase Letter Excerpts



January 10, 2018

Jeffrey R. Garst, M.D.
Member
Musculoskeletal Surgery Center, LLC
303 N. William Kumpf Boulevard
Peoria, IL 61605

Re: Proposal to Purchase the Assets of Musculoskeletal Surgery Center, LLC

Dear Dr. Garst:

This letter (this "**Letter**") is intended to summarize the principal terms of a proposal being considered by Center for Health Ambulatory Surgery Center, LLC ("**Buyer**") regarding its possible purchase of substantially all of the assets and certain specified liabilities of a certain licensed ambulatory surgery center located at 303 N. William Kumpf Boulevard, Peoria, Illinois 61605 (the "**Business**") from Musculoskeletal Surgery Center, LLC ("**Seller**"). The possible purchase and sale of the Business and the related transactions described herein are referred to as the "**Transaction**" and Buyer and Seller are referred to collectively as the "**Parties**."

1. Acquisition of Assets and Purchase Price.

(a) Subject to the satisfaction of the conditions described in this Letter, at the closing of the Transaction Buyer would acquire (i) substantially all of the tangible and intangible assets of the Business, including but not limited to fixed assets, supplies, and medical records, but excluding, among other things, accounts receivable ("**Assets**"), free and clear of all encumbrances; and (ii) certain specified liabilities, consisting of rights and obligations under (1) the lease agreement for office space in which the Business is conducted, and (2) those other agreements that Buyer agrees to assume (the "**Assumed Liabilities**").

(b) The purchase price for the Assets would be \$3,950,000 (the "**Purchase Price**").

(c) The Purchase Price would be payable at closing as follows:

(i) Buyer would transfer to Seller a number of Class B Units of Buyer equal to the product of (A) the number of physicians who are owners of Seller as of the date hereof who

2253083.7

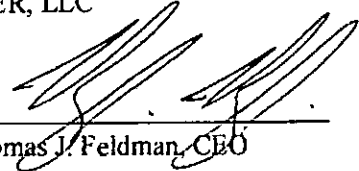
8800 N. State Route 91 • Peoria, Illinois 61615 • 309.683.4720

If you are in agreement with the terms set forth above and desire to proceed with the proposed Transaction on that basis, please sign this Letter in the space provided below and return an executed copy to my attention.

Very truly yours,

CENTER FOR HEALTH
AMBULATORY SURGERY
CENTER, LLC

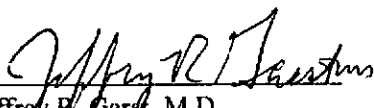
By: _____


Thomas J. Feldman, CEO

Agreed to and accepted:

MUSCULOSKELETAL SURGERY
CENTER, LLC.

By: _____


Jeffrey B. Garst, M.D.
One of its Members

E-002-18

ORIGINAL

**CERTIFICATE OF EXEMPTION
PERMIT APPLICATION**

to

**Change the Ownership
of the Assets of**

Musculoskeletal Surgery Center, LLC

(d/b/a Great Plains Orthopedic Ambulatory Surgery Center)

On behalf of the co-applicants

Center for Health Ambulatory Surgery Center, LLC

Peoria, Illinois

and

OSF Healthcare System

(d/b/a Saint Francis Medical Center)

January 10, 2018

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On behalf of the co-applicants

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Peoria, Illinois

and

OSF Healthcare System

(d/b/a Saint Francis Medical Center)

January 10, 2018

January 10, 2018



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

Re: Change of Ownership (CHOW)
COE Permit Application
Musculoskeletal Surgery Center, LLC; Peoria, Illinois
(d/b/a Great Plains Ambulatory Surgery Center)

Dear Ms. Avery,

Center for Health Ambulatory Surgery Center, LLC (CFH) is a limited liability company that is a joint venture among OSF Healthcare System (d/b/a Saint Francis Medical Center, Peoria) and other minority members. These two organizations, the primary and secondary co-applicants respectively, propose to acquire certain assets and liabilities of Musculoskeletal Surgery Center, LLC, related to the ambulatory surgical treatment center known as Great Plains Ambulatory Surgery Center (Facility ID 7003146), located in Peoria, Illinois. Hence, the submission of this COE Permit Application.

CFH assumed responsibility for the day-to-day operations of Great Plains Ambulatory Surgery Center on January 3rd, 2018, under an Administrative Services Agreement dated January 1, 2018.

Our permit application processing fee in the amount of \$2,500.00 is enclosed.

Please contact me if you have any questions. I can be reached by e-mail at tfeldman@cfhasc.com or by telephone at 309-683-5480.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Feldman".

Thomas J. Feldman
Administrator

Enclosure: Check Number 028159

CC: Mike Constantino, Supervisor, Project Review Section
Ed Parkhurst, Jr., PRISM Healthcare Consulting