19-003 [[C. MAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT- 08/2018 Edition

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

SECTION I. IDENTIFICATION, GENERAL INFORMAT	TION, AND CERTIFICATION
This Section must be completed for all projects.	JAN 2 3 2019
Facility/Project Identification	OAR & DECIS
Facility Name: River North Center for Reproductive Health	HEALTH FACILITIES
Street Address: 361 West Chestnut	SERVICES REVIEW BOA
City and Zip Code: Chicago, IL 60610	
County: Cook Health Service Are	ea: 6 Health Planning Area:
Applicant(s) [Provide for each applicant (refer to Part 1130.	.220)1
Exact Legal Name: River North Surgery Center, LLC	
Street Address: 900 N. Kingsbury St, RW6	
City and Zip Code: Chicago, IL 60654	
Name of Registered Agent: Christopher S. Sipe	
Registered Agent Street Address: 3703 W. Lake Ave, Ste 310	0
Registered Agent City and Zip Code: Glenview, IL 60026	
Name of Chief Executive Officer: Christopher S. Sipe, M.D.	
CEO Street Address:3703 W. Lake Ave, Ste 310	
CEO City and Zip Code: Glenview, IL 60026	
CEO Telephone Number: 847-998-8200	
Type of Ownership of Applicants	
□ Non-profit Corporation □ Part	tnership
	vernmental
	e Proprietorship
<ul> <li>Corporations and limited liability companies must pro- standing.</li> </ul>	ovide an Illinois certificate of good
<ul> <li>Partnerships must provide the name of the state in will address of each partner specifying whether each is a</li> </ul>	
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUEN	ITIAL ORDER AFTER THE LAST PAGE OF THE
Primary Contact [Person to receive ALL correspondence on Name: Kara M. Friedman	or inquines)
Title: Attorney	
Company Name: Polsinelli	
Address: 150 N. Riverside Plaza, Suite 3000, Chicago IL 606	306
Telephone Number: 312-873-3639	141-2-141
E-mail Address: kfriedman@polsinell.com	
Fax Number:	
Additional Contact [Person who is also authorized to discu	uss the application for permit
Name: Marcus Williamson	
Title: Executive Director	
Company Name: Fertility Centers of Illinois	-
Address: 3703 West Lake Ave, Suite 310, Glenview, IL 6002	26
Telephone Number: 847-916-6252	<u></u>
F-mail Address: Marcus Williamson@integramed.com	<u> </u>

# **Post Permit Contact**

(Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE

EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]
Name: Kara M. Friedman
Title: Attorney
Company Name: Polsinelli
Address: 150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number:
Site Ownership [Provide this information for each applicable site]
Exact Legal Name of Site Owner: 361 Chestnut, LLC
Address of Site Owner: 55 E. Jackson Blvd., Ste 500, Chicago, IL 60604
Street Address or Legal Description of the Site: 361 W. Chestnut, Chicago, IL 60610  Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT 2,</u> 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: River North Surgery Center, LLC
Address: 900 N. Kingsbury St, RW6, Chicago, Illinois 60654
□       Non-profit Corporation       □       Partnership         □       For-profit Corporation       □       Governmental         □       Limited Liability Company       □       Sole Proprietorship       □       Other
<ul> <li>Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>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.</li> <li>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</li> </ul>
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 <u>ATTACHMENT 4,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requiremen	ιts
------------------------	-----

[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 <a href="https://www.fEMA.gov">www.fEMA.gov</a> or <a href="https://www.hfsmb.illinois.gov">www.illinoisfloodmaps.org</a>. 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 (<a href="https://www.hfsrb.illinois.gov">http://www.hfsrb.illinois.gov</a>).

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

# **Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

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

#### **DESCRIPTION OF PROJECT**

1. (Chied	Project Classification that those applicable - refer to Part 1110.20 and Part 1120.20(b	)
Part	1110 Classification:	
Ø	Substantive	
	Non-substantive	

#### 2. Narrative Description

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

River North Surgery Center, LLC d/b/a River North Center for Reproductive Health (the "Applicant") seeks authority from the Illinois Health Facilities and Services Review Board (the "State Board") to establish an Assisted Reproductive Technology ("ART") ambulatory surgical treatment center with three procedures rooms for urology and gynecology procedures, a procedure room dedicated to hysterosalpingogram ("HSG"), and ten recovery stations (the "Surgery Center"). The Surgery Center medical staff will include board certified physicians in urology, obstetrics and gynecology and reproductive endocrinology and infertility ("REI"). The proposed Surgery Center will consist of 7,728 GSF of clinical space and 10,530 GSF for non-clinical space for a total of 18,258 gross rentable square feet. The Surgery Center will be located within an existing building located at 361 West Chestnut Street, Chicago, Illinois 60610. Accordingly, this project will not involve new construction but rather modernization/modification of existing space.

The Surgery Center will focus on family building through ART. Gynecological surgical procedures will include removal of polyps, repair of blocked fallopian tubes, HSG, egg vitrification, diagnostic evaluations for in vitro fertilization (or IVF), egg retrieval, and embryo transfer. Urological surgical procedures include biopsy of the testis and epididymis Microsurgical epididymal sperm aspiration (or MESA).

This project constitutes a substantive project because it involves the establishment of a health care facility.

# **Project Costs and Sources of Funds**

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

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$79,602		\$79,602
Site Survey and Soil Investigation		\$20,000	\$20,000
Site Preparation		\$300,000	\$300,000
Off Site Work			
New Construction Contracts <sup>1</sup>	\$2,829,994	\$1,944,800	\$4,774,794
Modernization Contracts			
Contingencies	\$282,999	\$194,480	\$477,479
Architectural/Engineering Fees	\$290,292	\$188,452	\$478,744
Consulting and Other Fees	\$66,000	\$5,000	\$71,000
Movable or Other Equipment (not in construction contracts)	\$311,110	\$2,018,724	\$2,329,834
Bond Issuance Expense (project related)		\$4,351,456.00	
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$2,638,425	\$3,595,234	\$6,233,659
Other Costs To Be Capitalized <sup>2</sup>	\$850,000		\$850,000
Acquisition of Building or Other Property (excluding land)			V MANAGE CONTRACTOR
TOTAL USES OF FUNDS	\$7,348,422	\$8,266,690	\$15,615,112
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,367,999	\$934,291	\$2,302,290
Pledges	***************************************	A Company of the Comp	. 2.24,000
Gifts and Bequests		AND THE PROPERTY OF THE PROPER	
Bond Issues (project related)			
Mortgages	\$3,191,998	\$3,737,165	\$6,929,163
Leases (fair market value)	\$2,638,425	\$3,595,234	\$6,233,659
Governmental Appropriations			
Grants			
Other Funds and Sources	\$150,000		\$150,000
TOTAL SOURCES OF FUNDS	\$7,348,422	\$8,266,690	\$15,615,112

<sup>&</sup>lt;sup>1</sup> The proposed project will involve a gut/rehab of an existing building that will house the Surgery Center. This will involve installation of new mechanical, new electrical and a sprinkler system; structural reinforcement of the roof; construction of a new ramp and canopy; reframing of the floor to permit installation of new duct work; and other modifications to make the building ADA compliant. Based upon discussion with State Board staff on August 30, 2018, the new construction standard is applicable to this project.

<sup>2</sup> Net book value of equipment to be transferred to the surgery center (\$150,000) and emergency generator (\$700,000)

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

Related Project Costs  Provide the following information, as applicable, with rewill be or has been acquired during the last two calendary.	
Land acquisition is related to project Purchase Price: \$ Fair Market Value: \$	
The project involves the establishment of a new facility ⊠ Yes □ No	or a new category of service
If yes, provide the dollar amount of all <b>non-capitalized</b> operating deficits) through the first full fiscal year when utilization specified in Part 1100.	operating start-up costs (including the project achieves or exceeds the target
Estimated start-up costs and operating deficit cost is \$	<u>\$415,481</u> .
Project Status and Completion Schedules For facilities in which prior permits have been issued ple Indicate the stage of the project's architectural drawing	
☐ None or not applicable	Preliminary
Schematics	Final Working
Anticipated project completion date (refer to Part 1130. Indicate the following with respect to project expenditur Part 1130.140):	res or to financial commitments (refer to
<ul> <li>☐ Purchase orders, leases or contracts pertain</li> <li>☐ Financial commitment is contingent upon percontingent "certification of financial commitment related to CON Contingencies</li> <li>☑ Financial Commitment will occur after permit</li> </ul>	ermit issuance. Provide a copy of the to document, highlighting any language
APPEND DOCUMENTATION AS <u>ATTACHMENT 8</u> , IN NUMERIC SEQUE APPLICATION FORM.	NTIAL ORDER AFTER THE LAST PAGE OF THE
State Agency Submittals [Section 1130.620(c)]	
Are the following submittals up to date as applicable:  Cancer Registry Not Applicable APORS Not Applicable All formal document requests such as IDPH Quebeen submitted Not Applicable All reports regarding outstanding permits Not Applicable	oplicable
Failure to be up to date with these requirements permit being deemed incomplete.	will result in the application for
64045871 4 Page 6	

# **Cost Space Requirements**

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

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

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

# Facility Bed Capacity and Utilization NOT APPLICABLE

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

FACILITY NAME:		CITY:			
REPORTING PERIOD DATES: From: to:					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical			<u> </u>		
Obstetrics			THE THE PARTY OF T		
Pediatrics	<u> </u>	:			
ntensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care			:		
ong Term Acute Care	an and the second secon				
Other ((identify)			1		
ΓΟTALS:					

#### **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 River North 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.

$\alpha l$	
SIGNATURE	SIGNATURE
Chrolyh Sin	PRINTED NAME
PRINTED NAME  President	FRINTED IVAIVIE
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 9 day of September 2018	Notarization: Subscribed and sworn to before me this day of
Mauren Caxes	
Signature of Notany UREEN CASEY	Signature of Notary
Official Seal Seal Notary Public – State of Illinois My Commission Expires Feb 14, 2022	Seal
*Insert the EXACT legal name of the applicant	

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

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

### 1110.110(a) - Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

#### BACKGROUND OF APPLICANT

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

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

#### Criterion 1110.110(b) & (d)

### **PURPOSE OF PROJECT**

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

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

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

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

#### **ALTERNATIVES**

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

Alternative options must include:

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

APPEND DOCUMENTATION AS <u>ATTACHMENT 13.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

### Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

# READ THE REVIEW CRITERION and provide the following information:

#### SIZE OF PROJECT:

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

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

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

APPEND DOCUMENTATION AS <u>ATTACHMENT 14.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### PROJECT SERVICES UTILIZATION:

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

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

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

		UTILI	ZATION		
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1	_				
YEAR 2			,		

APPEND DOCUMENTATION AS <u>ATTACHMENT 16.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### **UNFINISHED OR SHELL SPACE:**

Provide the following information:

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

APPEND DOCUMENTATION AS <u>ATTACHMENT 16.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### **ASSURANCES:**

Submit the following:

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

APPEND DOCUMENTATION AS <u>ATTACHMENT: 17.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

# SECTION V. SERVICE SPECIFIC REVIEW CRITERIA

APPEND DOCUMENTATION AS  $\underline{\text{ATTACHMENT 23}}$  IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

# G. Non-Hospital Based Ambulatory Surgery

Applicants proposing to establish, expand and/or modernize the Non-Hospital Based Ambulatory Surgery category of service must submit the following information.

ASTC Service
☐ Cardiovascular
☐ Colon and Rectal Surgery
☐ Dermatology
☐ General Dentistry
☐ General Surgery
☐ Gastroenterology
☐ Neurological Surgery
Nuclear Medicine
○ Obstetrics/Gynecology (including the sub-specialty of Reproductive Endocrinology)
☐ Ophthalmology
Oral/Maxillofacial Surgery
☐ Orthopedic Surgery
☐ Otolaryngology
☐ Pain Management
Physical Medicine and Rehabilitation
☐ Plastic Surgery
☐ Podiatric Surgery
☐ Radiology
☐ Thoracic Surgery
□ Urology     □
Other

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

APPLICABLE REVIEW CRITERIA	Establish New ASTC or Service	Expand Existing Service
1110.235(c)(2)(B) - Service to GSA Residents	×	Х
1110.235(c)(3) - Service Demand - Establishment of an ASTC or Additional ASTC Service	X	
1110.235(c)(4) - Service Demand - Expansion of Existing ASTC Service		, X
1110.235(c)(5) - Treatment Room Need Assessment	X	Х

1110.235(c)(6) - Service Accessibility	X	
1110.235(c)(7)(A) – Unnecessary Duplication/Maldistribution	X	
1110.235(c)(7)(B) – Maldistribution	X	
1110.235(c)(7)(C) – Impact to Area Providers	×	
1110.235(c)(8) - Staffing	X	X
1110.235(c)(9) – Charge Commitment	X	X
1110.235(c)(10) – Assurances	×	x

APPEND DOCUMENTATION AS ATTACHMENT 25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

# VI. 1120.120 - AVAILABILITY OF FUNDS

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

<u>\$2,302,290</u>	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
\$6,929,163 (loan) \$6,233,659 (FMV of	d) Debt - a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
Lease)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5) For any option to lease, a copy of the option, including all terms and conditions.
AMERICAN CONTRACTOR AND ASSESSMENT	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f) Grants – a letter from the granting agency as to the availability of funds in

	terms of the amount and time of receipt;
\$150,000 (NBV of Assets to be Transferred to Surgery Center)	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$15,615,112	TOTAL FUNDS AVAILABLE
÷	,
:	
:	

APPEND DOCUMENTATION AS <u>ATTACHMENT 34</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### **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:

- "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
- 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 <u>ATTACHMENT 35</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

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

# Variance

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

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

#### SECTION 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:

- 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:

- 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;
- That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

### C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

 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).

	cos	T AND GRO	oss squ	ARE FEE	T BY DEP	ARTMEN	T OR SERVI	CE	
	Α	В	С	D	E	F	G	Н	T-1-1
Department (list below)	Cost/Sq New	uare Foot Mod.	Gross New	Sq. Ft. Circ.*	Gross Mod.	Sq. Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	Total Cost (G + H)
Contingency	,			<u>}</u>	<u>-</u>			-	
TOTALS									

# 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.

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

#### SECTION IX. SAFETY NET IMPACT STATEMENT

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

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

# Safety Net impact Statements shall also include all of the following:

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

#### A table in the following format must be provided as part of Attachment 38.

Safety Net	l Information per	PA 96-0031	
	CHARITY CARE	<u> </u>	
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)	-		
Inpatient			
Outpatient			
Total			
		<del></del>	
	MEDICAID		
Medicaid (# of patients)	Year	Year	Year
Inpatient			·
Outpatient	-		
Total			
Medicaid (revenue)			

	Inpatient		
	Outpatient		]
Total			
L		 <del>`</del>	 ······································

### SECTION X. CHARITY CARE INFORMATION

#### 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 <a href="mailto:audited">audited</a> 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 <u>must</u> be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

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

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

Živu.

# Section I, Identification, General Information, and Certification Applicants

The Illinois Certificate of Good Standing for River North Surgery Center, LLC (the "Applicant") is attached at Attachment – 1. River North Center for Reproductive Health will be a trade name of River North Surgery Center, LLC and is not separately organized.



# 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

RIVER NORTH SURGERY CENTER, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON SEPTEMBER 28, 2012, 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 FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set

my hand and cause to be affixed the Great Seal of the State of Illinois, this 20TH day of AUGUST A.D. 2018.

Authentication #: 1823201358 verifiable until 08/20/2019
Authenticate at: http://www.cyberdriveillinois.com

GEORGIA DI CE CTATE

SECRETARY OF STATE

# Section I, Identification, General Information, and Certification Site Ownership

The real estate lease letter of intent for the ambulatory surgical treatment center lease between 361 Chestnut, LLC and River North Surgery Center, LLC is attached at Attachment – 2.

Attachment - 2



321 N Clark St 34<sup>th</sup> Floor Chicago, IL 60654

September 21, 2018

Mr. Seth Tuscher Ms. Allison Olszta CBRE, Inc.

Re:

Fertility Centers of Illinois Letter of Intent 361 W Chestnut

Chicago, IL

Dear Seth and Allison:

On behalf of Fertility Centers of Illinois ("Tenant"), please find below our final Letter of Intent to lease space at 361 West Chestnut.

We look forward to working with you on this transaction.

Building	351 West Chestnut, Chicago
Tenant: .	Fertility Centers of Illinois
Landlord:	Please provide information detailing the ownership structure of the Building as well as any financing or ground leases encumbering the property.  361 Chestnut, LLC
	Please indicate the extent to which lender approval would be require in connection with Landlord entering into a lease with Tenant. Lender approval will not be required as there is no mortgage on the Building.
Initial Premises:	18,620 gross square feet (GSF) for the Ambulatory Surgical Center
	Premises shall be measured in accordance with BOMA (ANSI Z65.1—1996) method of measurement. Any space leased during the Lease Term, including all extensions, shall be measured using the same method of measurement as for the initial Premises. Confirmed
Usë:	Ambulatory, outpatient medical office
Lease Commencement Date:	August 1, 2019
Leasé Term:	Thirteen (13) years from August 1, 2019.
Possession:	April 1, 2019.
Initial Base Gross Rent:	\$36.75 base gross with \$0.50 annual escalations.
Rent Abatement;	For the entire Initial Premises, Landlord shall offer Tenant Four (4) months of gross rent abatement commencing August 1, 2019. And Thirteen (13) months of fifty percent (50%) gross rent abatement commencing December 1, 2019.

Operating Expenses & Real Estate Taxes:	Teriant shall pay a pro-rata share of increases in real estate taxes over a 2019 base year. (Based upon actual 2019 expenses including 2018 taxes payable in 2019);
	Tenant shall pay a pro-rate share of increases in operating expenses over a 2019 base year.
	Landlord will not include in operating expenses: (i) those expenses, regardless of whether capital or ordinary, incurred in compliance with current or future laws; (ii) repairs (excluding routine maintenance) to exterior portions of the Building/Development such as the roof; facade and lobby; (iii) those operating expenses not attributable to Tenant; and (iv) those other expenses customarily excluded therefrom, including, but not limited to, any capital improvements. For discussion and to be further defined in lease document.
	Tenant shall have audit rights. To be further addressed in lease document.
	2018 estimated real estate tax and operating expenses are estimated to be \$7,00 per rsf (approximately \$4.25 in taxes and \$2.75 in operating expenses)
Valet Drop Off	Landlord agrees to work with Tenant, at <u>Tenant cost</u> ; to accommodate the following requirement for Tenant to receive their Certificate of Need (cost to be paid for by tenant):
· ·	The entropice to the center, or the entrance to the building in which the center is located, shall be sheltered from the weather, located by grade level and must be able to accommodate wheelchairs and stretchers, if applicable.
	Please submit drawings for our review.
	In lieu of the front canopy extension, the interior slab in the northeast corner can be dropped to the level of main entry/grade between the main entry and the covered dropoff at the NE corner to create an interior corridor to the elevator.
Generator	Landlord will work with Tenant to determine a proper location for the Tenant's generator.
Tenant Improvement Allowance:	Landlord shall provide tenant with a Tenant Improvement Allowance in the amount of \$75.00 per rentable square foot to be applied to the design and hard costs of construction. Landlord shall also provide an allowance for one (1) initial space plan at \$0.12/SF.
,	Tenant shall have the right to use: architects, contractors, sub-contractors and engineers of Tenant's selection for the construction of any and all tenant improvements. Subject to customary-review and approval.
	As Tenant's Work progresses, Tenant shall submit to Landlord, not more than once per month, draw requests together with signed lien waivers, contractors' affidavits, owner (tenant) statements and architect's certificates (collectively, the "Payment Documentation"), in such form as may be required by Landlord, from all parties performing labor or supplying materials or design and consulting services in connection with the portion of Tenant's Work covered by the applicable draw request, showing that such Tenant's Work has been completed. Any additional

	costs attributed to Tenant's improvements beyond the \$75.00 per square foot shall be paid by Tenant.
Base Building:	Chicago Title & Trust shall hold all construction escrow money.  Landlord will deliver the Premises In a white box condition. The definition of white box shall include but not be limited to:
	<ul> <li>the demolition of the existing duct work – completed</li> <li>kitchen ductwork (MUA + BLK fron being removed from interior &amp; exterior of building) – completed</li> <li>the demolition and or termination of the gas except where needed – completed</li> <li>demolition of the kitchen floor and the Premises be delivered per code. – completed</li> <li>In preparing the test fit alternatives, it was determined that two ramps will be required at the exterior of the building on the West side for egress purposes at each corner of the building. The one at the SW corner will have to be sized in order to accommodate stretchers. This door will also need to be widened for stretcher access. FCI will not accept having patients enter through a back corridor or through back of the building and want them coming directly to the main reception so the existing dock will not be used for dropoff. Nor will FCI accept the existing exterior lift as the main covered entrance for patients. So long as these improvements are covered by the Ti Allowance;</li> </ul>
	Landlord believes that all the work in Exhibit A can be completed. Landlord is offering an additional \$10:00 (included in the \$75.00 in TI above) per square foot in T.I.
	Landlord, at Landlord's sole cost, will complete the work in order to bring mechanical, electrical, and HVAC base building to the premises. The required electrical, water and gas service will be brought into the building by the LL per Tenant's requirement. Roof top units, RTU will be installed by the LL with supply and return feeds to the space per tenant's requirements. If Tenant's plans require more mechanical, electrical and HVAC improvements than what was designated for base building standard, Tenant will be responsible for any and all upgrades.
	Tenant will use the Thallowance to cover expenses Tenant elects to spend on upgrading bathrooms above and beyond building standard finishes.
	Landlord will provide rough plumbing (supply, waste & vent) for tenant primary restrooms, per code. Landlord will not provide plumbing for lavatories; or individual plumbing for additional patient restrooms.
	Such Base Building work to be further defined in the Lease.
Renewal Option:	Provided Tenant is not in default, Tenant shall have the right to renew this lease for two (2) additional five (5) year terms with twelve (12) months prior written notice. Rent for the renewal period shall be the greater of \$0.50 escalation over the previous year of Gross Rent or the then Market Rates and Concessions which shall be further defined in the lease.

Right of First Offer:	Subject to existing Tenant's rights as of the date of the Lease (which rights must be exercised strictly in accordance with their terms), Tenant will have a continuous Right of First Offer for part or all of the lower level, 2 <sup>nd</sup> floor and mezzanine during the Lease Term.
	Please provide a schedule of all existing expansion, renewal and preferential rights for other tenants. There are no existing encumbrances on the vacant space.
	Tenant shall have ten (10) business days within which to elect to lease such space, on the terms included in such offer, including all concessions.
Janitorial:	As part of operating expenses, Landlord shall provide Tenant with janitorial services within the common Premises Monday — Friday. Tenant is responsible for costs to clean its own premises. Landlord will help-Tenant obtain bids from approved janitorial providers for tenant's space. Starbucks (the other existing tenant) handles all of their own janitorial costs.
Security Deposit:	To be determined based on review of Tenant's financials. Please provide three (3) years of statements. Tenant owes additional information to Landlord in order to review and determine deposit. Assuming Tenant can provide financials as discussed, a LOC of \$400,000 will be required at lease signing. If Tenant has not been in monetary default, the LOC will burndown by \$100,000 per lease year, once tenant has been paying full rent (rent abatement needs to burn off) until the Landlord holds \$100,000 for the remainder of the term. The LOC will be required as soon as CON approval is received.
Alterations:	Construction Documents: Landlord has already provided all of the CAD and drawings they have. Landlord shall also provide a site plan showing building and parking.
	Landlord requires that Landlord architect reviews and approves all construction drawings. Approval of plans shall not be unreasonably withheld or delayed. Landlord will have the right to object only to those items that interfere with the structural or mechanical integrity of the Building.
	For any future non-structural Alterations, Tenant will be able to undertake those without Landlord's consent. For any other Alterations or structural Alterations, which shall be limited to those Alterations which affect the structural or mechanical integrity of the Building, Landlord's reasonable consent shall be required, which consent shall not be unreasonably withheld or delayed. Landlord agrees to provide written consent, or non-consent stating the reasons for such non-consent, within 10 days of receiving written request from Tenant, Further, Landlord agrees to execute all required permit forms upon the submission of plans by Tenant.
	Landlord requires CD review. Tenant to provide Landlord with full set of stamped, Building Department approved permit CD's at tenant expense. The charge by Landlord for the review of plans, any periodic progress inspections or any inspections related to completion of GC draw requests will be a one-time fee of \$0.50 per rentable square feet.
Restoration:	To be determined based on the review of Tenant's space plans and drawings.

Tenant shall have control over HVAC serving the premises and will be responsible for electric and gas directly.
In addition, Tenant will have the right to install or cause to be installed a dedicated cooling system and Landlord shall provide adequate space and Shaft Space in connection therewith. — OK
Vertical shaft space to be external on south or west elevations. Possible interior shafts cannot penetrate existing/occupied tenant spaces.
Tenant to be responsible for the maintenance of the HVAC installed solely for it's use.
Please confirm that the building has fiber optic cable and identify the current providers of fiber in the Building.
AT&T is the current Fiber Option Cable Provider. There may also be accessibility with RCN.
Landlord will provide Tenant with a one-time right to terminate the lease after the 8th lease year by providing fourteen (14) months prior written notice. The penalty shall be equal to unamortized transaction costs (Tenant Improvement Allowance, commissions and abatement) at 8% plus five (5) months gross rent. The termination fee shall be due fifty percent (50%) upon notice of Tenant intent to Terminate and fifty percent (50%) on the effective termination date.
Prior to lease execution, Landlord shall provide a Termination Payment Calculation for Tenant's review and approval which will be attached to the lease document.
Tenant will be provided available electrical capacity and shall be separately metered at Landlords expense. At Tenant's sole expense, Landlord will accommodate a generator pad exclusive to Tenant. The cost to install the electrical meter shall be at Landlord's initial expense. Purchase and installation of a generator shall be at Tenant's cost. Location to be mutually agreed upon
Tenant will require a minimum electric service of 400 amps, but the requirement is still being defined. Please provide current Building service capacity. The building is able to accommodate 400 amps.
Tenant shall have the right, without Landlord's consent, to sublease any portion of the Premises or assign this Lease to any other entity under its control, provided however, Tenant shall remain liable.
Tenant shall also have the right at any time to sublease or assign all or any portion of Tenant's Premises to any unrelated entities with Landlord's consent, which is not to be unreasonably withheld, conditioned or delayed. Landlord shall have no right of recapture nor the right to change any terms of the lease in the event of a sublease or assignment. All rights of the Tenant under the lease shall inure to the benefit of the sublessee/assignee. Tenant shall have the right to advertise the availability of the space without restrictions as to: the rental rate advertised; whether potential subtenants/assignees are existing tenants of the Building; amount of space offered to the market; length of term; location of space being offered; and, condition of the space being offered.

	Landlord shall share 50% of profit participation, less sublease deal costs (abatement, improvement allowance, commissions, marketing).			
	Tenant shall have the right to sublease portions of the Premises to "friends of the firm" with whom Tenant has independent ongoing business relationships without the Landlord's consent. Please provide more details about frequency, size and timing of these requests.			
Relocation Rights:	Landlord shall not be allowed to relocate Tenant or any portion thereof within the Building at any time during the lease term or subsequent renewal term Confirmed.			
Hazardous Materials:	Landlord will deliver to Tenant a certification that the Premises are asbestos free in addition, Landlord will represent that there are no Hazardous Materials in the Premises in accordance with the Comprehensive Environmental Response and Liability Act. If Tenant discovers Hazardous Materials during Tenant Construction then Landlord shall remove such Hazardous Materials at Landlord's sole cost. Confirmed.			
Signage:	At no cost to Tenant, Landlord shall provide Tenant with building standard signage on the Building Directory and Suite Entrance.			
	Tenant shall also have the right to addrexterior building signage on 361 W.Chestriut at a location TBD at Tenants sole cost. All signage must have prior written approval from Landlord and subject to city ordinances.			
Parking:	Landlord will provide Tenant 26 parking spaces throughout the term of the lease at \$200 per month, subject to market increases. Two (2) of these parking spaces shall be covered and adjacent to the covered entrance to meet the requirement for the Valet Drop Off.			
	In addition, if additional parking spaces are available, Tenant can pay \$200 (or current market rate) per month for month-to-month use.			
	These spaces shall be marked "Reserved" for Tenant and Tenant shall have ability to tow unauthorized vehicles at vehicle owner's expense.			
Building Security:	The Building will be accessible after hours by card reader only.			
Agency:	Landlord acknowledges that Landlord has been informed, both orally and by this written disclosure, that: (1) Tenant Advisors, Inc. and CBRE, Inc. are acting on behalf of Fertility Centers of Illinois for the lease of this real estate; and (2) information given to the Agent by the Landlord may be disclosed to Fertility Center of Illinois.			
Brokerage Fees:	Per a separate agreement. This counterproposal is submitted on the understanding that CBRE, Inc. (as Tenant's broker) will receive from Landlord one full commission (defined as \$1.25 per square foot per year and partial year of lease term, including abated months). 100% due and payable upon delivery of a fully executed lease and CON approval.			
Due Diligence Deposit:	At the time of signing of a Letter of Intent, Tenant shall provide Landlord with a Letter of Credit for the \$120,000 deposit, while tenant is seeking its Certificate of Need. If the Tenant is granted this use, then the deposit shall be refunded within five (5) business days of Tenant notifying Landlord of CON approval. If the			

	decision has not been reached of granted by January 31, 2019 then the amount shall become non-refundable and transferred to owner.
	If additional timing is needed to receive CON approval, an additional deposit of \$40,000 (for a total deposit of \$160,000) will be required until April 1, 2019. If Tenant is granted their CON on or prior to April 1, 2019, then the full deposit of \$160,000 shall be refunded to Tenant within five (5) business days of Tenant notifying Landlord of CON approval.
Confidentiality:	This counterproposal and all discussions related thereto shall be held in confidence by Landlord and Tenant and will not be discussed with third parties except on an "as needed" basis (e.g., attorneys).
CERTIFICATE OF NEED CONTINGENCY:	Tenant CON Permit Obligation: Landlord and Tenant understand and agree that the establishment of any ambulatory surgery center in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 (LCS 3960/1 et seq, and, thus, the Tenant cannot establish an ambulatory surgery center on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities and Services Review Board (HFSRB). The parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective prior to CON permit approval.

The terms of this counterproposal are valid for five (5) days after the date of this counterproposal. This counterproposal is not intended as, and does not constitute, a binding agreement by any party, nor an agreement by any party to enter into a binding agreement, but is merely intended to specify some of the proposed terms and conditions of the transaction contemplated herein. Neither party may claim any legal rights against the other by reason of the signing of this letter or by taking any action in reliance thereon. Each party hereto fully understands that no party shall have any legal obligations to the other, or with respect to the proposed transaction, unless and until all of the terms and conditions of the proposed transaction have been negotiated, agreed to by all parties and set forth in a definitive agreement which has been signed and delivered by all parties.

Regards,						
Liza Passarelli First Vice President	Bill Sheehy Senior Vice President	Brady Wolfe Associate				
Agreed and Accepted:	•					
Landlord:		Tenant:				

Fertility Centers of Illinoi
Page 8 of 12

By: Secold for UL

Its: MRNAGER

Date: 912

S. Hayers, St. Exemtive Director

EXHIBIT A - Tenant will be financially responsible for completing all the work listed in Exhibit A along with all necessary due diligence. Landlord shall have final review/approval of all plans so as remaining leasable space is not affected by any of these changes/additions to the building spaces.

# Normal Power

- Due to having to provide all infrastructure components for the mechanical system and having no base building systems to connect to the main electrical service will increase in size from the previous facility assessment for the River North property.
- 2. The 2017 version of the Chicago Electrical Code requires hospitals/facilities providing surgical services to have two utility services to support the space. This requirement would be triggered by our ambulatory surgical center. The current electrical service entrance and meter lineup will not be able to accommodate this service configuration.
  - a. It is estimated that we would require between 800-1000 amps, fully rated, at 480 volt, 3-phase for each service to support the ASC.
  - b. We propose a double ended switchgear lineup and getting variance form the city that our ATO (automatic throw over) serves as our first level of transfer switches to select between utility sources.
  - c. The existing 480 volt service and the existing meter bank would remain installed to support house services and future tenants in the currently unleased spaces.
- 3. We would require space in the basement level to house the new electrical service entrance and associated transformers and distribution for the normal branch power.
  - a. A rough room size at this time is 20ft by 15ft
- 4. It is assumed that individual panels can be located on the first floor within the ASC space in shallow depth electrical closets.

# **Emergency Power**

- If entire floor is licensed as an ASC and we have a single AHU serving it we will need a
  generator around 500 kVA to support the ASC, lab area, and patient areas. If we can
  eliminate cooling on emergency power and just put heating and ventilation we can reduce
  the generator to an estimated 350-400 kVA in size.
- 2. There will need to be structural modifications made to the building to locate the generator of this size on the roof.

The generator will require a bulk fuel storage tank on site, we propose burying it in the parking lot and pumping fuel up to the roof. Generator and its location. Rather than looking at structural modifications to roof, pumping gas up, and burying a tank in the parking lot, maybe they could just use 1 of their parking spaces for said generator, power it with natural gas in leu of diesel / gas, and erect a chain link fence around it for security.

a. A location in the building will be required for the pump system.

- 2. The generator will require vibration isolation on the roof and a higher grade of sound proofing on the enclosure due to proximity to residential buildings.
- 3. An emergency distribution room will be required in the basement to house the emergency generator distribution panel, transfer switches, transformers and critical/equipment/life safety distribution equipment.
  - a. A rough room size at this time is 15ft by 10ft.
- 4. It is assumed that individual panels can be located on the first floor within the ASC space in shallow depth electrical closets.

#### Fire Alarm

 The previous configuration of the building had full area smoke detection configured to support multiple tenants set up as commercial kitchens. The building owner believes that the current fire alarm system has enough capacity to support the potential ASC buildout on the first floor and/or can be expanded as needed.

HVAC - Two utility services requested. Currently the building has two separate services 1—208v 3 phase (used by Starbucks) and 1—480v 3 phase (serving rest of building). We recommend that FCI explore this further with the involvement of a MEP engineer to survey and map out a plan that would conform to their program needs.

- 1. The HVAC has been removed from the current space. The building developer has plans of seven individual air handling units located above the celling along Sedgwick. The style of the units are suggested to be variable air volume (VAV) but it's not clear what the proposed terminal plan is for individual room temperature controls for the granular floor plan required by FCI. In any case, this scheme would be challenging with celling heights, maintenance, and access for the FCI floor plan and space expectations.
- 2. It is proposed that a single (or two depending on the final decision on licensing and available space) floor mounted central air handling unit be installed. Total airflow is approximately 28,000 cfm to serve the FCI buildout space. The air handling unit will include supply and return fans, pre and final filters, DX cooling coil and a heating coil. The heating will need to be evaluated if gas, electric, or hydronic coil is preferred. If gas, intake and flue will be required. If hydronic a small boiler system will be required. A 28,000 cfm air handling unit is approximately 40' L x 8' W x 8' H and requires one column bay by two column bays for installation, clearance, and ductwork; depending on space location and layout,
- 3. The distribution system will include variable air volume boxes with reheat. If the air handling unit is hydronic heat then these reheats will be hydronic. If the air handling unit is gas or electric then it will be evaluated if the reheat coils will be electric or hydronic. In addition to the supply air VAV boxes, return boxes will be provided to maintain proper pressurization in the Procedure Rooms and Lab. If space is available for two units, one unit can supply the procedure area and lab while the other unit supplies the prep/recovery, exam, office, and other support spaces. The procedure/lab unit will have return VAVs while the recovery/exam/office unit could just have ducted return with no boxes.
- 4. Exhaust will be routed through chases on the second floor and located on the roof. The north and east part of the second floor is currently unoccupied so those would be the best locations for risers.

- 5. A gas or electric steam generator will be provided to serve the air handling units and the building's humidity requirements.
- 6. In addition to locating the air handling, other building coordination required will be location for outside air and relief, location for condensing unit(s), and chases through the second floor for exhaust risers.
- 7. If IVF or similar procedures are happening in the lab it is suggested that additional filtration be provided such as a Zand-Air Air PCOC, or similar product. FCI to advice on filtration needs.

#### Plumbing

- 1. Existing building has a common water entrance. This entrance will be used and extended to the FCI space.
- 2. There are no water heaters serving the first floor so new water heaters and recirculation system will be required.

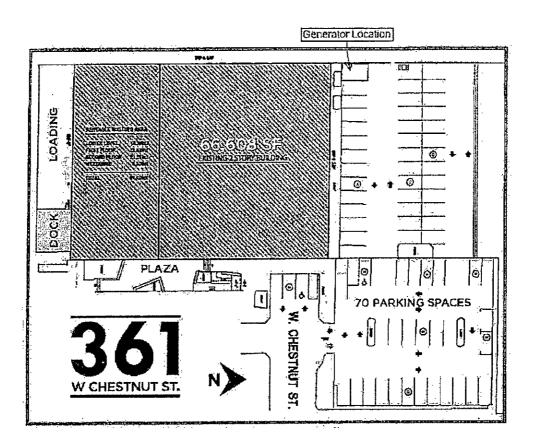
#### Fire Protection

The existing building does not have sprinklers. Per the Architect sprinklers are required for the FCI space. Therefore, a new 6" water service will be installed to serve a new sprinkler system. New 6" water service for fire sprinkler. Space planning needed for a new service main and fire sprinkler control room. The second room south of the north room on the Lower Level room on the East Elevation is ideal for this location as it is the location of the main water supply from the City of Chicago Water Supply that enters the building location.

#### Medical Gas

 Two medical gas rooms will be required. One will include a new medical air compressor and medical vacuum pump. The other will include gas manifolds for oxygen and nitrous oxide. If additional gases are required (carbon dioxide, nitrogen), those will be included in the manifold room.

Emergency Power - suggested location



### Section I, Identification, General Information, and Certification Operating Identity/Licensee

The Illinois Certificate of Good Standing for River North Center for Reproductive Health is attached at Attachment - 3.

Fertility Surgical Partners LLC will have an 80% interest and IntegraMed will have a 20% interest in the Surgery Center.



## To all to whom these Presents Shall Come, Greeting:

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

RIVER NORTH SURGERY CENTER, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON SEPTEMBER 28, 2012, 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 FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set

my hand and cause to be affixed the Great Seal of the State of Illinois, this 20TH day of AUGUST A.D. 2018.

Authentication #: 1823201358 verifiable until 08/20/2019
Authenticate at: http://www.cyberdriveillinois.com

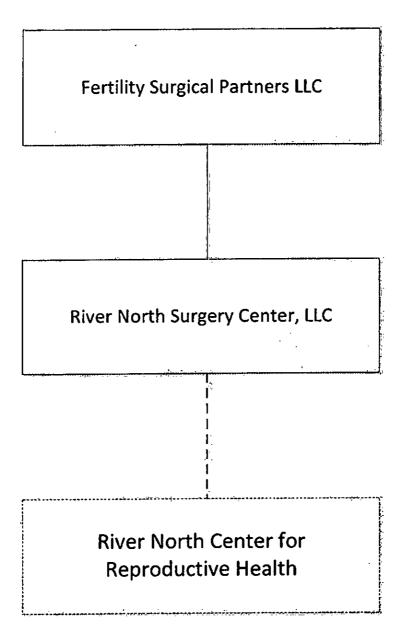
Desse White

SECRETARY OF STATE

### Section I, Identification, General Information, and Certification Organizational Relationships

The organizational chart for River North Center for Reproductive Health is attached at Attachment-4.

# ORGANIZATIONAL STRUCTURE



# Section I, Identification, General Information, and Certification Flood Plain Requirements

The proposed Surgery Center site complies with the requirements of Illinois Executive Order #2005-5. The proposed Surgery Center will be located at 361 W. Chestnut, Chicago, IL 60610. As shown in the FEMA flood plain map attached at Attachment – 5, the proposed Surgery Center site is located outside of a flood plain.

# National Flood Hazard Layer FIRMette FEMA AREA OF MINIMAL

1:6,000

2,000

Attachment

0

250

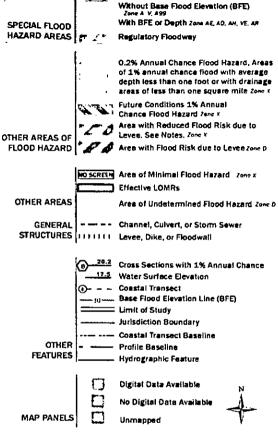
500

1,000

1,500

### Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT



•

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 8/24/2018 at 10.07:19 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear, basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

### Section I, Identification, General Information, and Certification <u>Historic Resources Preservation Act Requirements</u>

A copy of the historic resources preservation determination from the Illinois Department of Natural Resources is attached at Attachment -6.



# Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271 www.dnr.illinois.gov

Bruce Rauner, Governor

Wayne A. Rosenthal, Director

FAX (217) 524-7525

Cook County

Chicago

CON - Modernization to Establish an Ambulatory Surgical Treatment Center

361 W. Chestnut St.

SHPO Log #010080318

October 4, 2018

Anne Cooper Polsinelli 150 N. Riverside Plaza, Suite 3000 Chicago, IL 60606-1599

Dear Ms. Cooper:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please call 217/782-4836.

Sincerely,

Robert F. Appleman Deputy State Historic Preservation Officer

# Section I, Identification, General Information, and Certification Project Costs and Sources of Funds

Table 1120.110			
Project Cost	Clinical	Non-Clinical	Total
Preplanning Costs	\$79,602		\$79,602
Site Survey and Soil Investigation		\$20,000	\$20,000
Site Preparation		\$300,000	\$300,000
New Construction Contracts <sup>1</sup>	\$2,829,994	\$1,944,800	\$4,774,794
Contingencies	\$282,999	\$194,480	\$477,479
Architectural/Engineering Fees	\$290,292	\$188,452	\$478,744
Consulting and Other Fees	\$66,000	\$5,000	\$71,000
Moveable and Other Equipment Transfer Rooms	\$35,940		\$35,940
Procedure Rooms and HSG Room	\$203,370		\$203,370
Laboratory		\$1,035,385	\$1,035,385
Andrology		\$22,173	\$22,173
Embryology		\$961,166	\$961,166
Miscellaneous Equipment	\$71,800		\$71,800
Total Moveable and Other Equipment	\$311,110	\$2,018,724	\$2,329,834
Fair Market Value of Leased Space or Equipment	\$2,638,425	\$3,595,234	\$6,233,659
Other Costs To Be Capitalized	призинальный призи		
Net Book Value Equipment Transferred to Surgery Center	\$150,000		\$150,000
Emergency Generator	\$700,000		\$700,000
Total Other Costs To Be Capitalized	\$850,000		\$850,000
Total Project Costs	\$7,348,422	\$8,266,690	\$15,615,112

The proposed project will involve a gut/rehab of an existing building that will house the Surgery Center. This will involve installation of new mechanical, new electrical and a sprinkler system; structural reinforcement of the roof; construction of a new ramp and canopy; reframing of the floor to permit installation of new duct work; and other modifications to make the building ADA compliant. Based upon discussion with State Board staff on August 30, 2018, the new construction standard is applicable to this project.

### Section I, Identification, General Information, and Certification Cost Space Requirements

Cost Space Table							
	Gross		quare Feet	Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL	_			<u>                                     </u>			
ASTC	\$7,348,422	7,881			7,881		
Total Clinical	\$7,348,422	7,881			7,881	-	
NON CLINICAL							
Administrative	\$8,266,690	10,739	-		10,739		
Total Non							
Total Non- clinical	\$8,266,690	10,739			10,739		
TOTAL	\$15,615,112	18,620			18,620		

### Section III, Background, Purpose of the Project, and Alternatives - Information Requirements Criterion 1110.110(a) - Background, Purpose of the Project, and Alternatives

### Background of the Application

The Applicant which will provide Assisted Reproductive Technology ("ART") is fit, willing and able, and has the qualifications, background and character to adequately provide for a proper standard of health care services for the community. This project is for the establishment of River North Center for Reproductive Health, an ambulatory surgical treatment center ("ASTC") providing urological, obstetrical and gynecological surgical services with a subspecialty of reproductive endrocrinology to be located at 361 West Chestnut Street, Chicago, Illinois 60610.

Assisted Reproductive Technology is any kind of medical assistance a woman receives in achieving a pregnancy or, if the patient is a man, in assisting in a pregnancy. Some of the more sophisticated types of infertility treatments can be identified by their acronyms - IVF, eSET, ICSI, FET, PGD.

For 40 years, ever since ART began its astonishing metamorphosis from purely experimental to standard operating procedure, people with almost zero chance of procreating have been having children through natural birth and through surrogacy. Tens of thousands of individuals have beaten once insurmountable odds to build families.

That many of us have children is a result of that first great leap forward, In Vitro Fertilization ("IVF"). IVF was originally developed to do an end run around blocked fallopian tubes, IVF opened the gates to treatment for a range of reproductive difficulties, everything from male factor to Polycystic Ovarian Syndrome, low ovarian reserve and unexplained infertility. Additionally, sociological obstacles-such as age, marital status and sexual orientation have been reduced to factors in the reproductive equation, not absolute determinants. Year after year, new protocols open up the dream of sons and daughters to everbroadening populations.

Fertility Centers of Illinois ("FCI"), the associated medical practice of River North Center for Reproductive Health is one of the leading fertility treatment practices in the United States, providing advanced reproductive endocrinology services in the Chicago area for more than 30 years. FCl's team of 11 nationally and internationally recognized reproductive physicians treats thousands of patients each year. Patients from across Illinois, the United States and around the world seek treatment from FCI physicians for their hard-to-solve fertility issues.

Infertility affects approximately 13-14% of reproductive-aged couples. It is defined as the inability to conceive after 1 year of properly timed, unprotected intercourse. This definition is based on the cumulative probability of pregnancy. The number and quality of a woman's oocytes declines with age. The decline in the number of oocytes begins at 20 weeks' gestation when the female fetus has approximately 6-7 million oogonia (largest lifetime endowment). The number of oocytes decreases to approximately 2-3 million at birth and decreases again to 300,000 by the time of puberty. Interestingly, the human female has lost most of her eggs before she is even capable of reproducing. The pool of eggs is generally considered to be nonregenerable.

In the U.S., for various reasons, many women wait until later in life to have their first baby. Personal choice, career obligations or health issues may result in delaying pregnancy until a woman is well past her fertility prime (age 32). Over the past four decades, the average age of women at first birth has risen.<sup>2</sup> First birth rates for women aged 35 to 39 started to increase in the mid-1970s and rose six-fold from 1973 to 2006 (from 1.7 to 10.9 per 1,000), decreased slightly from 2006 to 2010 (10.4 per 1,000), and increased to 11.0 per 1,000 in 2012.3 According to data from the Centers for Disease Control and

Attachment - 11

<sup>&</sup>lt;sup>2</sup> T. J. Mathews, M.S. and Brady E. Hamilton, Ph.D, First Births to Older Women Continue to Rise, NCHS Data Brief, May 2014 available at https://www.cdc.gov/nchs/data/databriefs/db152.pdf (last visited Aug. 24, 2018). з <u>ld</u>.

Prevention, 2016 marked the first year the birth rate among women aged 30 to 34 surpassed that of women aged 25 to 29.4 As discussed more fully below, delaying pregnancy after the age of 34 exponentially reduces the chance of spontaneous pregnancy without the help of reproductive endocrinology or fertility services.<sup>5</sup>

After the onset of puberty and menses, the female human ovary recruits at least 30-50 oocytes during each menstrual cycle. The oocytes compete with one another to become the dominant follicle and eventually ovulate to be released as an egg capable of being fertilized. Prior to the onset of menopause (10-15 y), menstrual cycles shorten and rapid follicular loss occurs because more oocytes are being recruited.

Last year marked the 40th birthday of the world's first so-called test-tube baby, Louise Brown. This anniversary finds the field of assisted reproductive technology both notably advanced in terms of technique and fragmented in terms of access.

The first successful IVF treatment was performed in a completely natural cycle. Initial inefficacy of laboratory procedures led to the introduction of ovarian stimulation, resulting in an increase in the number of mature oocytes collected, more embryos for transfer, higher pregnancy rates per started cycle, and higher cumulative pregnancy rates after fresh and frozen transfers, as well as fewer cancelled cycles. Ovarian stimulation is associated with such risks as ovarian hyperstimulation and multiple pregnancies. It also increases overall costs and patient discomfort, resulting in higher dropout rates. Furthermore, the use of ovarian stimulation, particularly with higher dosing; may increase embryonic aneuploidy and alter endometrial receptivity. Over the years, experts have emphasized a need for more patient-friendly, safe treatments while keeping in mind that the most important outcome of IVF is a singleton, full-term live birth per treatment. Ovarian stimulation protocols have undergone significant changes since the late 1990s and many have become less "aggressive." This trend was aided by improved laboratory efficacy which no longer required a high number of oocytes.

When it comes to fertility treatment, experience matters. The Surgery Center will be staffed with board-certified physicians who combined have decades of experience and have helped thousands of individuals and couples become parents.

Unquestionably one of the most if not the most important determinant of IVF success is the quality of the embryo laboratory. Since the early days of ART the FCI laboratory directors have been at the forefront of reproductive technology. The embryologists sort the eggs at the retrieval, fertilize them, follow them in their development, assist in pre-implantation genetic diagnosis, prepare the embryo(s) for transfer and freeze the remaining embryos. The andrology part of the lab is responsible for performing the semen analyses and for preparing the sperm for fertilization in the IVF process. FCI's continuing achievement shows the quality of reproductive services it delivers to patients every day.

Physicians cite a lack of access as a major concern with IVF, even as new approaches emerge to try to boost the chances for creating successful pregnancies. These include improved techniques for extracting sperm, genetic screening, and a move toward implanting a single embryo. Although advances in infertility treatment have helped thousands of couples become parents, such procedures can be quite expensive—according to the University of Iowa Stead Family Children's Hospital each cycle of IVF costs \$12,000 to \$17,000 on average. Fortunately for the citizens of Illinois, treatment for infertility is considered an essential benefit. See 215 III. Comp. Stat. 5/356m. The law requires fully insured employer group insurance plans and health maintenance organizations to provide infertility coverage. To receive fertility

Attachment - 11

Nora Caplan-Bricker, For the First Time Ever, Thirty-Something Women Are Having More Babies Than Their Twenty-Something Counterparts, Slate.com, May 17, 2017 available at http://www.slate.com/ blogs/xx\_factor/2017/05/17/cdc\_data\_says\_women\_in\_their\_thirties\_are\_having\_more\_babies\_than\_w omen.html (last visited Aug. 24, 2018).

Barbara Bronson Gray, *More Women Delaying First Pregnancy: CDC*, WebMd, May 9, 2014 available at https://www.webmd.com/women/news/20140509/more-women-delaying-first-pregnancy-cdc#1 (last visited Aug. 24, 2018).

coverage individuals must: (1) live in Illinois and (2) (a) have been unable to conceive after one year of unprotected sexual intercourse or unable to sustain a successful pregnancy, (b) have a medical condition that renders conception impossible through unprotected sexual intercourse, or (c) efforts to conceive as a result of one year of medically based and supervised methods of conception. Plans must cover the diagnosis and treatment of infertility the same as all other conditions. Today, 16 of the 50 US states now have laws mandating some level of infertility coverage.

### Other Section 1110.110(a) Requirements

- 1. The Applicant does not currently own or operate any health care facilities in Illinois. Accordingly, this criterion is not applicable.
- 2. The Applicant has not previously owned or operated any health care facilities in Illinois. Accordingly, this criterion is not applicable.
- 3. An authorization permitting the State Board and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations is attached at Attachment 11.
- 4. Applicant has not previously submitted an application for permit during this calendar year, Accordingly, this criterion is not applicable.

### August 22, 2018

Richard Sewell Vice Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield, Illinois 62761

### Dear Vice Chair Sewell:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any ambulatory surgical treatment center owned or operated by River North Surgery Center, LLC in the State of Illinois during the three year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.110(a)(2)(J), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Print Name: Charles h S. Spe

Manager

River North Surgery Center, LLC

MAUREEN CASEY Official Seal Notary Public - State of Illinois My Commission Expires Feb 14, 2022

# Section III, Background, Purpose of the Project, and Alternatives – Information Requirements Criterion 1110.110(b) – Purpose of the Project

### Purpose of the Project

1. The purpose of the proposed Surgery Center is, in compliance with IDPH surgery rules, to enhance the center of excellence FCI developed to provide superior infertility solutions and reproductive endocrinology to patients in the Chicago metropolitan area and throughout the Midwest. The Surgery Center will be the only surgery center in Cook County solely dedicated to the diagnosis and treatment of infertility. Procedures performed at the proposed Surgery Center will include reproductive endocrinology as well as male reproductive health and therapeutic surgical procedures performed by surgeons who are not legally affiliated with FCI.

The Surgery Center's receipt of a CON permit to establish a licensed ASTC is necessary to comply with the requirements of the Ambulatory Surgical Treatment Center Act (210 ILCS 5 et seq), for two reasons. IDPH rules dictate that a medical practice is only exempt from the requirement to obtain a surgery center license if; (i) the <u>use of its surgical suites is restricted to physicians who are legally affiliated with the medical practice as owners or employees and (ii) less than 50% of the activities conducted in its office are surgical in nature. Moving forward, due to space constraints, the surgical space and associated ancillary spaces need to be modernized and expanded at a freestanding location. Further, surgeons who are not part of the medical practice need to perform cases in the same setting in order to maximize continuity of care and improve the patient experience. If surgical services are provided at a freestanding location not adjacent to the physicians space for evaluation and management services, the services must be provided pursuant to an ASTC licensed issued by IDPH.</u>

As background, because FCI is the primary intake point for couples struggling with infertility, FCI cares for males with potential infertility issues and routinely refers those individuals to a urologist for specialized infertility diagnosis and treatment, all the while continuing to follow that patient with the aim of achieving a successful pregnancy. More specifically, when a couple comes to FCI for reproductive health services, the females undergo an extensive infertility screening. Additionally, as standard procedure, FCI screens male partners for infertility. On an ongoing basis, FCI refers males with potential fertility issues annually to urologists outside of the practice for follow up. In order to have better continuity of care, ideally these urological procedures would be performed at FCI; however, due to IDPH restrictions on the use of surgical suites only to physicians who are legally affiliated with the medical practice as owners or employees, these urology procedures cannot be performed at a FCI medical office. The establishment of the Surgery Center would allow FCI to provide the full complement of female and male reproductive health services.

Important to the center of excellence is a physician driven care management system.

The IVF treatment protocol is one of the primary treatment methods for infertility and will be a focus of the Surgery Center.

- Individuals wishing to have a baby will consult with an FCI physician to discuss the entire
  process (diagnostic evaluation, ovarian hormone stimulation for IUI or IVF, human egg
  retrieval, anesthesia, embryo transfer, options for egg donation and sperm donation,
  benefits and costs) as well as optional techniques such as cryopreservation of extra
  embryos and preimplantation genetic diagnosis.
- During the "preparation cycle" several endocrine and infectious disease labs are drawn to determine the woman's "ovarian reserve" and the medication dosage and IVF protocol to stimulate the ovaries. The uterine cavity is assessed for abnormalities, such as polyps,

<sup>&</sup>lt;sup>6</sup> 77 III. Admin. Code § 205.110.

fibroids or adhesions, if it has not been checked within the previous 12 to 18 months. An IVF nurse coordinator consultation takes place to help the couples understand the IVF process, schedule the IVF "stimulation cycle," sign consent forms and schedule an injection treatment cycle.

- During the "stimulation cycle," fertility drug injections are given for an average of 10-12 days. During this phase, there may be 6 to 8 office visits for labs and ultrasounds to monitor the size and number of human egg follicles developing and Estrogen levels. Fertility medication dosages are then adjusted accordingly. Once the largest follicles reach a certain size, another hormone injection is given and human egg retrieval is scheduled 36 hours later.
- After retrieval, the human eggs are fertilized with sperm in the IVF embryology lab. The
  development of the embryos is carefully monitored by embryologists for several days.
  Depending on the number and quality of the embryos, some are transferred into the
  uterus 3 or 5 days later. The woman is instructed to rest at home for 1 to 2 days.
- Two weeks after embryo transfer, a pregnancy test is performed and a consultation is scheduled.

Currently, FCI performs IVF treatments in one procedure room at its River North medical practice office. As described above, IVF is a complex series of procedures used to treat fertility or genetic problems and assist with the conception of a child. The various phases must be precisely timed to increase the chance of pregnancy. Given the cyclical nature of IVF treatment, scheduling is problematic at the River North medical office. Due to the cycling, FCI physicians cannot schedule adequate block time for their patients and must treat them in the northern suburbs despite a preference to centralize these services.

For several years, FCI worked with an architect to attempt to develop a floor plan to expand its surgical capacity at its existing River North medical practice office. Due to physical plant limitations, life safety code and City of Chicago code requirements, FCI was unable to develop a workable solution that would meet the needs of both its physicians and patients in a centralized location. Upon opening the Surgery Center, FCI will continue to see patients for consults at its River North medical office and will move its surgical suite including the essential embryology and andrology laboratory to the Surgery Center. As discussed above, an ASTC license will be required as not only will non-FCI physicians perform surgical procedures at the Surgery Center, but surgical procedures will constitute more than 50% of the activities at the Surgery Center.

- 2. The Surgery Center will be the only surgery center with a dedicated embryology lab in the City of Chicago solely dedicated to the diagnosis and treatment of infertility. Procedures performed at the proposed Surgery Center will include reproductive endocrinology as well as male reproductive health (urology) and therapeutic surgical procedures (general gynecology). As has been FCl's experience, it is anticipated that patients from across Illinois, the U.S. and around the world will seek treatment at the Surgery Center for their hard-to-solve fertility issues.
- 3. FCI currently performs IVF treatments in one procedure room at its Chicago River North medical practice office; however, due to IDPH licensure requirements it cannot provide the full spectrum of reproductive services at this office. In addition to reproductive endocrinology, procedures to be performed at the proposed Surgery Center will include male reproductive health and therapeutic surgical procedures and gynecology services performed by non-FCI physicians. The Surgery Center's receipt of a CON permit to establish a licensed ASTC is necessary to comply with the requirements of the ASTC Act, which dictate that a medical practice is only exempt from the requirement to obtain a license if the use of its surgical suites is restricted to physicians who are legally affiliated with the medical practice as owners or employees and less than 50% of the activities conducted in its office are surgical in nature.

Further, scheduling adequate block time at the River North office is problematic. As described above, IVF is a complex series of procedures used to treat fertility or genetic problems and assist with the conception of a child. The various phases must be precisely timed to increase the chance of pregnancy. If the River North medical practice office cannot accommodate a patient due to scheduling, she must go elsewhere for her IVF treatments.

For several years, FCI tried to expand its surgical capacity at its existing River North office. Due to physical plant limitations, life safety code and City of Chicago code requirements, FCI was unable to develop a workable solution that would meet the needs of both its physicians and patients at the River North office. FCI will continue to see patients for consults at its River North office and will move its surgical capabilities including its embryology and andrology laboratory to the Surgery Center.

The Surgery Center will not only improve scheduling, but it will allow FCI to offer the full spectrum of reproductive services, including male reproductive health and therapeutic surgical procedures, to patients and general gynecology services, so they will not have to go elsewhere for that aspect of the treatment.

### 4. Source Information

Resolve: The National Infertility Association; Fast Facts about Infertility (2018) available at https://resolve.org/infertility-101/what-is-infertility/fast-facts/ (last visited August 28, 2018).

Centers for Disease Control and Prevention, Infertility FAQs (2018) available at https://www.cdc.gov/reproductivehealth/Infertility/ (last visited Aug. 27, 2018).

Office on Women's Health, U.S. Department of Health and Human Services; Infertility Fact Sheet (2018) available at https://www.womenshealth.gov/a-z-topics/infertility (last visited Aug. 28, 2018).

- 5. As discussed above, the primary purpose of the Surgery Center is to enhance the Applicant's center of excellence while complying with IDPH requirements, to provide superior infertility solutions and reproductive endocrinology to patients in the Chicago metropolitan area and throughout the Midwest. Procedures performed at the Surgery Center will include reproductive endocrinology as well as male reproductive health and therapeutic surgical procedures and associated general gynecology services. An ASTC license is required as not only will non-FCI physicians perform surgical procedures at the Surgery Center, but surgical procedures will constitute more than 50% of the activities at the Surgery Center.
- The goal of this project is to enhance the Applicant's center of excellence that exists in the
  operation of the associated medical practice, FCI, to provide superior infertility solutions and
  reproductive endocrinology to patients in the Chicago metropolitan area and throughout the
  Midwest.

While the "do nothing" option would result in no project costs. This option was rejected by the Applicant.

### Expand Surgical Capabilities at the River North Medical Office

FCI currently performs IVF treatments in one procedure room at its River North medial office. Due to the cyclical nature and precise timing needed to increase the chance of pregnancy, scheduling block time for physicians is problematic at best. To address the needs of both physicians and patients, the Applicant explored the potential of expanding its surgical capabilities at its River North medical office. Due to physical plant limitations, safety code and City of Chicago code compliance issues, and lack of adequate parking, the Applicant could not develop a workable solution at its existing River North medical office.

The Surgery Center will be located less than 1/3 mile from the River North medical office. It will include three procedure rooms for surgical procedures, a separate HSG room to test whether the fallopian tubes are blocked, and an embryology and andrology laboratory directly across the hall from the procedure rooms where retrievals and transfers will occur. The building housing the Surgery Center will meet both life safety code and City of Chicago code requirements. It will have new mechanical systems, new electrical systems, sprinkled, structural reinforcement of the roof, and American Disability Act compliance. Further, unlike the River North medical office, the Surgery Center will have sufficient parking for patients.

Given the physical plant limitations at the River North medical office, this option was rejected by the Applicant.

### Utilize Hospitals and ASTC Providers with Excess Capacity.

The Applicant considered performing surgical procedures at area hospitals and ASTCs with excess capacity. The Applicant identified 28 facilities with surgical capabilities within 10 miles of the proposed Surgery Center. While several facilities have excess capacity to accommodate FCI referrals, none of these facilities are feasible alternatives. An integral component of IVF and the related technologies otherwise known as Assisted Reproductive Technologies (GIFT, ZIFT, Embryo Cryopreservation, Oocyte and Embryo Donation, and Gestational Surrogacy) is the human embryology and andrology laboratory. The American Society for Reproductive Medicine, which accredits human embryology and andrology laboratories, has established guidelines to ensure the necessary conditions for embryo viability are not compromised. Specifically, the laboratory should be in a low traffic area and physically isolated from other laboratory activities (a designated area of another lab is not adequate unless it is walled off). The laboratory must be proximately located to the procedure room to allow for direct communication between the physician performing the procedure and the lab technicians. As a result, these procedures cannot be performed in other existing ASTCs.

The Applicant seeks to enhance its center of excellence to provide superior infertility solutions and reproductive endocrinology to patients in the Chicago metropolitan area and throughout the Midwest. A

Attachment - 13

There are 10 ASTCs within 10 miles of the proposed Surgery Center that are authorized to preform obstetrical/gynecological surgical procedures; the 18 hospitals within 10 miles of the proposed Surgery Center, exclude long term acute care hospitals (3), pediatric hospitals (3) psychiatric hospitals (3), rehabilitation hospitals (2), and Catholic hospitals not permitted to provide IVF due to the Ethical and Religious Directives for Catholic Health Care Services (7) (See United States Conference of Catholic Bishops, Ethical and Religious Directives for Catholic Health Care Services Sixth Edition 18 (Jun. 2018) available at http://www.usccb.org/about/doctrine/ethical-and-religious-directives/upload/ethical-religious-directives -catholic-health-service-sixth-edition-2016-06.pdf).

The Practice Committee of the American Society for Reproductive Medicine and the Practice Committee of the Society for Assisted Reproductive Technology, Revised Guidelines for Human Embryology and Andrology Laboratories S48 (2008) available at www.sart.org/publications/detail. aspx?id=3967 (last visited Jun. 5, 2014)

key component of this initiative is a seamless care system where patients are treated from initial consultation to embryo transfer and initial pregnancy consultation in one central location. If patients are treated at hospitals and other ASTCs, they will not receive the benefit of the center of excellence and the associated superior outcomes.

Further, the process of human egg retrieval and transfer requires highly trained staff and specialized equipment to avoid exposure of the human eggs to light, temperature and pH changes. It is imperative the Surgery Center is adjacent to an on-site lab furnished with specialized equipment to keep human eggs, sperm and embryos in an environment which is optimized to ensure they are allowed to grow in a dark and moist environment which mimics the human body as closely as possible. Importantly, no surgery center in Chicago has the advanced technology available at the proposed Surgery Center.

While this alternative will result in no project costs to the Applicant, there are other costs that must be considered. The actual cost of care to both the payor and the patient would be higher in an acute care hospital setting. Additionally, one of the most important components of the center of excellence, a seamless care system with professionals specializing in infertility, could not be achieved. Accordingly, this is not a feasible alternative.

### Establish an ASTC.

The final option the Applicant considered was to establish an ASTC. As discussed above, the Applicant seeks to enhance its center of excellence. FCI specializes exclusively in the diagnosis and treatment of infertility. Due to their limited focus and high volume of surgical cases, FCI physicians possess the technical proficiency and processes required for optimal care of patients with infertility issues. Importantly, these procedures can be performed in an ASTC setting, which results in shorter wait times and more cost effective care.

Further, the Surgery Center will be the only surgery center in the City of Chicago solely dedicated to the diagnosis and treatment of infertility. Procedures performed at the proposed Surgery Center will include reproductive endocrinology as well male reproductive health and therapeutic surgical procedures performed by surgeons who are not legally affiliated with FCI. The Surgery Center's receipt of a CON permit to establish a licensed ASTC is necessary to comply with ASTC licensure requirements, which dictate that a medical practice is only exempt from the requirement to obtain a license if the use of its surgical suites is restricted to physicians who are legally affiliated with the medical practice as owners or employees and less than 50% of the activities conducted in its office are surgical in nature.

Providing a seamless care system for infertility procedures is integral to the center of excellence. The proposed ASTC's central location is a key component of this plan. FCI physicians will be accessible from initial evaluation through embryo transfer and initial pregnancy monitoring. Throughout the process, fertility counselors and IVF nurse coordinators will be available to assist patients with any concerns or complications.

Importantly, FCI specializes in fertility treatments, and an ASTC is a more appropriate, more efficient and less costly setting than an acute care hospital.

While this is the most costly alternative in terms of project costs, the proposed Surgery Center will result in the highest quality care and best outcomes in the most cost effective manner for payor and patients. Accordingly, this was the most feasible alternative.

The cost of this alternative is \$15,615,112.

Attachment – 13

2170931.10

<sup>&</sup>lt;sup>9</sup> 77 III. Admin. Code § 205.110.

# Section IV, Project Scope, Utilization, and Unfinished/Shell Space Criterion 1110.120(a), Size of the Project

The Proposed ASTC will be an ambulatory surgical treatment center with four surgical procedure rooms and ten recovery stations. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 2,075 GSF to 2,750 GSF per procedure room and 180 gross square feet per recovery station for a total of 12,800 GSF for four procedure rooms and ten recovery stations. The gross square footage of clinical space will be 7,881 GSF. Accordingly, the Proposed ASTC is consistent with the State standard

# Section IV, Project Scope, Utilization, and Unfinished/Shell Space Criterion 1110.120(b), Project Services Utilization

By the second year of operation, the proposed ASTC's annual utilization shall meet or exceed HFSRB's utilization standards. Pursuant to Section 1110, Appendix B of the HFSRB's rules, utilization for ambulatory surgical treatment centers is based upon 1,500 hours per operating room. As documented in the physician referral letters attached at Appendix – 1, referring physicians' project 4,372 surgical procedures and 2,950 hysterosalpingograms ("HSG") will be performed at the Proposed ASTC by the second year after project completion. Based upon the current experience of the referring physicians, the estimated procedure time, including prep and cleanup, is approximately 42 minutes per surgical procedure and 75 minutes per HSG. As a result, 6,748 surgical hours are projected for the second year after project completion, which is sufficient to support the need for four procedure rooms.

# Section IV, Project Scope, Utilization, and Unfinished/Shell Space Criterion 1110.234(d), Unfinished or Shell Space

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

# Section IV, Project Scope, Utilization, and Unfinished/Shell Space Criterion 1110.120(e) - Assurances

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

# Section VII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(2)(B) - Geographic Service Area Need

- 1. This criterion is not applicable to the proposed project. The Surgery Center will be the only surgery center in the City of Chicago with a dedicated embryology lab solely dedicated to the diagnosis and treatment of infertility. Procedures performed at the proposed Surgery Center will include reproductive endocrinology as well as male reproductive health and therapeutic surgical procedures. It is anticipated that patients from across Illinois, the United States and around the world will seek treatment at the Surgery Center for their hard-to-solve fertility issues.
- 2. Table 1110.235(c)(2)(B) below lists the zip code areas within 10 miles of River North Center for Reproductive Health.

Table 1110.235(c)(2)(B)		
Zip Code	City	Population
60202	Evanston	32,416
60302	Oak Park	32,258
60304	Oak Park	17,402
60305	River Forest	11,217
60402	Berwyn	63,938
60601	Chicago	13,695
60602	Chicago	1,252
60608	Chicago	78,072
60611	Chicago	31,563
60612	Chicago	35,559
60613	Chicago	49,519
60615	Chicago	40,257
60616	Chicago	52,580
60618	Chicago	95,632
60621	Chicago	31,383
60622	Chicago	54,467
60623	Chicago	88,137
60624	Chicago	38,138
60625	Chicago	79,157
60626	Chicago	50,090
60629	Chicago	115,104
60630	Chicago	57,627
60634	Chicago	73,382
60637	Chicago	49,158
60639	Chicago	90,211
60640	Chicago	67,088
60641	Chicago	70,642
60644	Chicago	49,645
60645	Chicago	47,131

Table 1110.235(c)(2)(B)		
Zip Code	City	Population
60647	Chicago	88,866
60649	Chicago	45,218
60654	Chicago	17,328
60657	Chicago	70,105
60659	Chicago	38,995
60707	Elmwood Park	43,451
60712	Lincolnwood	12,637
TOTAL		1,833,320

U.S. Census Bureau, American Fact Finder available at http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml (last visited August 20, 2018)

3. Attachment – 25B lists the patient origin by zip code for all patients treated by FCI physicians for the last 12-month period.

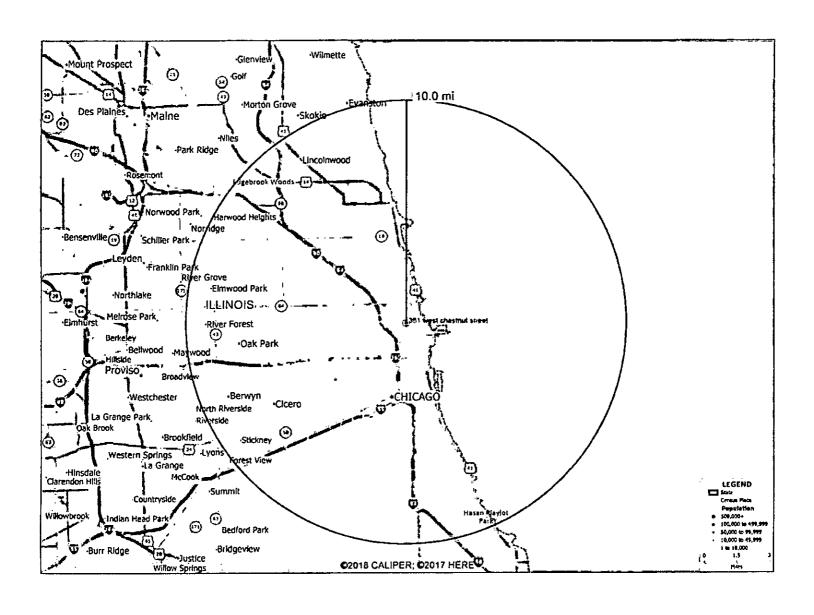


Table 1110.235	5(c)(2)(B)(ii)
Zip Code	Patients
10019	1
11201	1
11777	1
14221	2
23692	1
27502	1
27511	1
28173	1
29607	2
29708	1
30080	1
33316	1
43016	1
43065	4
43081	1
43502	1
43619	1
44319	1
45249	1
46168	1
46236	1
46250	1
46303	5
46304	2
46307	10
46308	1
46310	2
46311	3
46312	1
46319	4
46320	3
46321	
46322	3
46323	
46324	2
46342	3
46356	7 3 2 2 3 3
46368	1
46373	6
46375	4
46383	1 2

Table 1110.235(c)(2)(B)(ii)	
Zip Code	Patients
46385	4
46403	1
46404	1
46410	2
46411	1
46514	3
46526	4
46530	· 2
46561	1
46814	1
48126	1
48457	2
48858	1
49007	1
49009	2
49024	1
49071	2
49097	1
49120	1
49129	1
49640	1
52302	. 1
52402	3
53024	. 1
53074	1
53089	1
53092	2
53095	1
53104	2
53105	4
53126	1
53132	1
53140	3
53142	3 5 8 5
53143	8
53144	5
53147	1
53149	1 2 2 1
53150	2
53154	2
53157	<u> </u>

Table 1110.235(c)(2)(B)(ii)		
Zip Code	Patients	
53158	9	
53177	1	
53181	6	
53182	1	
53186	1	
53188	2	
53190	1	
53208	1	
53210	1	
53217	2	
53228	5	
53402	2	
53403	2 3	
53404	1	
53405	7	
53406	1	
53563	1	
53590	1	
53704	1	
53717	1	
53719	1	
53960	1	
54311	1	
55066	1	
55337	1	
55416	1	
60002	12	
60004	51	
60005	22	
60007	14	
60008	20	
60010	33	
60012	6	
60013	3	
60014	25	
60015	31	
60016	44	
60018	11	
60020	9	
60021	6	
60022	6	

Table 1110.235(c)(2)(8)(ii)	
Zip Code	Patients
60025	38
60026	9
60029	1
60030	25
60031	32
60034	3
60035	29
60038	1
60040 _	3
60041	4
60042	5
60043	2
60044	12
60045	8
60046	20
60047	59
60048	26
60050	17
60051	5
60053	18
60056	41
60060	41
60061	40
60062	49
60064	2
60067	34
60068	42
60069	8
60070	12
60072	1
60073	33
60074	25
60076	. 8
60077	18
60081	3
60083	4
60084	11
60085	18
60087	9
60088	9
60089	46
60090	26

Table 1110.235(c)(2)(B)(ii)	
Zip Code	Patients
60091	19
60093	18
60096	2
60097	3
60098	9
60099	8
60101	19
60102	18
60103	32
60104	6
60106	6
60107	22
60108	7
60110	18
60115	6
60118	8
60119 _	2
60120	17
60123	19
60124	10
60126	35
60130	6
60131	7
60133	16
60134	. 9
60136	12
60137	26
60139	14
60140	15
60142	12
60143	3
60148	29
60150	1
60151	2
60152	3
60153	
60154	10
60155	5
60156	16
60160	5 2 3
60162	1 2
60163	<u> </u>

Table 1110.235(c)(2)(B)(ii)	
Zip Code	Patients
60164	5
60169	17
60171	. 5
60172	14
60173	12
60174	4
60175	9
60176	4
60177	8
60181	13
60184	1
60185	7
60187	12
60188	23
60189	9
60190	8
60191	3
60192	7
60193	30
60194	14
60195	3
60196	1
60201	26
60202	16
60203	5
60301	3
60302	19
60304	14
60305	8
60401	4
60402	20
60403	3
60404	3 7
60406	7
60408	1
60409	7
60410	. 1
60411	10
60415	2
60417	7
60418	2
60419	1

Zip Code         Patients           60422         3           60423         20           60425         3           60426         3           60429         3           60430         3           60431         5           60432         3           60433         3           60438         5           60439         17           60440         13           60441         20           60442         16           60443         11           60444         6           60445         5           60446         6           60447         2           60448         21           60450         3           60451         27           60453         15           60455         3	
60423       20         60425       1         60426       2         60429       3         60430       3         60431       5         60432       3         60433       3         60435       6         60438       5         60439       17         60440       11         60441       20         60442       16         60443       11         60445       5         60446       6         60447       2         60449       6         60450       3         60451       27         60453       15         60455       3	
60425       1         60426       2         60429       3         60430       3         60431       5         60432       1         60433       3         60435       6         60438       5         60439       1         60440       13         60441       20         60442       16         60443       11         60445       5         60446       6         60447       2         60449       6         60450       3         60451       2         60452       16         60453       15         60455       3	3
60426       2         60429       3         60430       3         60431       5         60432       3         60433       3         60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       13         60445       5         60446       6         60447       2         60448       21         60450       3         60451       27         60452       16         60453       15         60455       3	)
60429       3         60430       7         60431       5         60432       3         60433       3         60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       13         60445       5         60446       6         60447       2         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	L
60429       3         60430       7         60431       5         60432       3         60433       3         60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       13         60445       5         60446       6         60447       2         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	2
60431       5         60432       1         60433       3         60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       11         60445       5         60446       6         60447       2         60448       21         60450       3         60451       27         60453       15         60455       3	
60432       3         60433       3         60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       11         60445       5         60446       6         60447       2         60448       21         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	7
60432       3         60433       3         60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       11         60445       5         60446       6         60447       2         60448       21         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	5
60435       6         60438       5         60439       17         60440       13         60441       20         60442       16         60443       13         60445       5         60446       6         60447       2         60448       21         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	
60438 5 60439 17 60440 11 60441 20 60442 16 60443 11 60445 5 60446 6 60447 2 60448 21 60449 6 60450 3 60451 27 60452 16 60453 15 60455 3	3
60439 17 60440 11 60441 20 60442 16 60443 11 60445 5 60446 6 60447 2 60448 21 60450 3 60451 27 60452 16 60453 15	5
60440 113 60441 20 60442 166 60443 113 60445 55 60446 66 60447 27 60448 213 60449 69 60450 33 60451 27 60452 166 60453 15	5
60441 20 60442 16 60443 11 60445 5 60446 6 60447 2 60448 21 60449 6 60450 3 60451 27 60452 16 60453 15 60455 3	7
60442       16         60443       13         60445       5         60446       6         60447       2         60448       23         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	Ĺ
60443       11         60445       5         60446       6         60447       2         60448       21         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	)
60445 5 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	,
60446       6         60447       2         60448       21         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	Ĺ
60447 27 60448 21 60449 69 60450 3 60451 27 60452 16 60453 15 60455 3	5
60448       21         60449       6         60450       3         60451       27         60452       16         60453       15         60455       3	5
60449     6       60450     3       60451     27       60452     16       60453     15       60455     3	2
60450     3       60451     27       60452     16       60453     15       60455     3	Ĺ
60451     27       60452     16       60453     15       60455     3	ò
60452     16       60453     15       60455     3	3
60453 15 60455 3	7
60455	5
	>
	3
60456	Ĺ
60457	5
60458	
60459 2	?
60461	ļ
60462 22	2
60463	5
60464	L
60465	ò
60466	?
60467 18	
60468	Ĺ
60469	,
60471 2	2
60472	Ĺ
60473	3

Table 1110.235	
Zip Code	Patients
60477	22
60478	6
60480	2
60481	3
60482	2
60484	1
60487	18
60490	11
60491	13
60502	3
60503	5
60504	18
60505	3
60506	8
60510	3
60513	12
60514	1
60515	16
60516	23
60517	14
60518	1
60519	1
60520	1
60521	16
60523	4
60525	22
60526	. 8
60527	20
60532	20
60534	1
60538	5
60540	15
60542	5
60543	7
60544	8
60545	2
60546	4
60548	1
60554	1
60555	2
60556	1
60558	12

Table 1110.235(c)(2)(B)(ii)		
Zip Code	Patients	
60559	18	
60560	7	
60561	9	
60563	19	
60564	22	
60565	11	
60585	13	
60586	16	
60601	11	
60603	1	
60605	37	
60606	5	
60607	47	
60608	26	
60609	12	
60610	46	
60611	37	
60612	17	
60613	56	
60614	86	
60615	16	
60616	29	
60617	7	
60618	83	
60619	8	
60620	9	
60621	1	
60622	79	
60623	7	
60624	1	
60625	44	
60626	14	
60628	5	
60629	7	
60630	31	
60631	32	
60632	9	
60633	1	
60634	30	
60636	2	
60637	6	
60638	11	

Table 1110.235(c)(2)(B)(ii)		
Zip Code Patients		
60639	7	
60640	45	
60641	35	
60642	39	
60643	21	
60645	10	
60646	25	
60647	71	
60649	3	
60651	6	
60652	11	
60653	9	
60654	41	
60655	18	
60656	16	
60657	80	
60659	8	
60660	15	
60661	24	
60680	1	
60706	12	
60707	18	
60712	6	
60714	18	
60803	5	
60804	8	
60805	7	
60901	14	
60904	1	
60910	1	
60913	1	
60914	20	
60915	5	
60929	5 2 1 1 7	
60931	1	
60940	1	
60950	7	
60954		
60961	1	
61008	1	
61012	1 2	
61016		

Table 1110.235(c)(2)(B)(ii)				
Zip Code	Patients			
61021	1			
61061	1			
61065	3			
61068	2			
61078	1			
61088	2			
61103	1			
61109	2			
61111	5			
61201	1			
61270	1			
61301	1			
61341	1			
61342	1			
61350	2			
61360	2			
61362	1			
61364	1			
61367	1			
61605	1			
61704	2			
61/05	1			
61761	4			
61821	2			
61822	1			
61853	2			
62294	3 1			
62644 、				
63304	1 1			
64105				
68022 70471	1			
73034	1			
75043	1			
78734	1			
80015	2			
80231	1			
80912	1			
84050	1			
85050	1			
85383	1			
85704	1			
03/04				

Table 1110.235(c)(2)(B)(ii)		
Zip Code	Patients	
90068	1	
92506	1	
92651	1	
94577	1	
94610	1	
96706	1	
96734	1	
06463	1	
06511	2	
07940	1	
INTERNATIONAL	2	
Total	4,439	

# Section VIII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(3) — Service Demand — Establishment of an ASTC

1. Physician referral letters providing the name and number of patients referred to health care facilities within the past 12 months and the projected number of referrals to the Surgery Center is attached at Appendix - 1. A summary of the physician referral letters is provided in Table 1110.235(c)(3) below.

Table 1110.1540(d)		
Hospital/ASTC	Cases Performed in the Last 12 Months	Anticipated Referral to Proposed Surgery Center
Fertility Centers of Illinois	7,114	7,022.
Advocate Illinois Masonic Medical Center	500	250
Louis Weiss Memorial Hospital	40	20
Mercy Medical Center	30	15
Presence St. Joseph Hospital	30	15
Total	7,714	7,322

Section VIII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.235(c)(5) — Treatment Room Need Assessment

As stated throughout this application, the Applicant proposes to establish an ASTC limited to reproductive endocrinology, surgical gynecology, and urology with four surgical procedure rooms. The State Board standard is 1,500 surgical hours per procedure room. As documented in Appendix – 1, the referring physicians project to perform 4,372 surgical procedures and 2,950 HSGs in the second year after project completion. Based upon historical caseload data, the Applicant estimates the average length of time per procedure will be 42 minutes (or 0.70 hours) for surgical procedures and 75 minutes (or 1.25 hours) for HSG. These estimates include 10 minutes for prep and 10 minutes for cleanup. This amounts to 6,748 surgical hours for the four procedure rooms. Accordingly, proposed number of procedure rooms is necessary to service the projected patient volume.

### Section VIII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(6), Service Accessibility

While the Applicant acknowledges there are existing surgery centers and hospitals providing obstetrics and gynecology, there is no surgery center in the City of Chicago with a dedicated embryology lab solely dedicated to reproductive health issues. As stated throughout this application, the Applicant seeks to enhance its center of excellence, which exists in the operation of its associated medical practice, FCI, to provide superior infertility solutions and reproductive endocrinology to patients in the Chicago metropolitan area and throughout the Midwest. Procedures performed at the proposed Surgery Center will include reproductive endocrinology as well as male reproductive health and therapeutic surgical procedures.

A key component of this initiative is a seamless care system where patients are treated from initial consultation to embryo transfer and initial pregnancy monitoring in one central location. If patients are treated at hospitals and other ASTCs, they will not receive the benefit of the center of excellence and the associated superior outcomes. In fact, there is no existing hospital or surgery center in the City of Chicago that can accommodate these cases.

Further, ART procedures cannot be performed at existing surgery centers due to the need for highly specialized trained staff, a specialized embryology and andrology laboratory and advanced technology. Embryologists play a vital role in IVF. They are responsible for fertilizing the human eggs with sperm. The fertilized eggs, or zygotes, are then placed into an incubator that has been regulated to control gas mixture, temperature, and several other conditions. Optimal conditions in the embryology laboratory will allow the zygote to progress to the cell division stage, at which point the zygote becomes an embryo. The embryologist monitors the embryos for abnormal cell splitting, which could indicate a genetic abnormality, and change the culture media as needed during the 3 to 5 days before the embryo transfer. Embryologists also perform embryo biopsy procedures on embryos at day 3 or day 5. Embryo biopsy involves the removal of a single cell from an embryo. The embryologist must rely of his/her training and experience to minimize the risk of damage to the embryo. The embryologist works with the laboratory performing the genetic test and coordinates the handling of the cells and test results. The embryologists' skill at performing micromanipulation procedures on embryos can play a vital role in the success of IVF.

Another integral component of IVF and ART is the human embryology and andrology laboratory. The American Society for Reproductive Medicine, which accredits human embryology and andrology laboratories, has established guidelines to ensure the necessary conditions for embryo viability are not compromised. Specifically, the laboratory should be in a low traffic area and physically isolated from other laboratory activities (a designated area of another lab is not adequate unless it is walled off). The laboratory must be proximately located to the procedure room to allow for direct communication between the physician performing the procedure and the lab technicians.<sup>10</sup>

Finally, no surgery center in Chicago has the advanced technology available at the proposed Surgery Center, which is crucial to successful pregnancy rates. FCI was the first center in the Midwest to provide EmbryoScope technology to patients. This technology can be particularly beneficial to couples that have gone through multiple IVF cycles or have experienced recurrent miscarriage. Comprised of an incubator, microscope and time-lapse camera, the EmbryoScope monitors embryo development from the time of conception. Fertility professionals can watch embryo development and monitor abnormal cell splitting, which can potentially indicate an embryo with genetic abnormality. Under traditional embryo monitoring methods, fertility professionals remove embryos from the incubator once a day and study development through a microscope, which poses additional risks to embryo development. The embryoscope allows

Attachment - 25

<sup>&</sup>lt;sup>10</sup> The Practice Committee of the American Society for Reproductive Medicine and the Practice Committee of the Society for Assisted Reproductive Technology, Revised Guidelines for Human Embryology and Andrology Laboratories S48 (2008) *available at* www.sart.org/publications/detail. aspx?id=3967 (last visited Jun. 5, 2014)

the fertility professional to select embryos with unprecedented precision to ensure the most viable embyros are selected during in-vitro fertilization.

# Section VIII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(7)(A) – Unnecessary Duplication/Maldistribution

### 1. Unnecessary Duplication of Services

a. The River North Center for Reproductive Health will be located at 361 W. Chestnut, Chicago, IL. A map of the proposed facility's market area is attached at Attachment – 25C. A list of all zip codes located, in total or in part, within a 10 mile radius of the site of the proposed facility as well as 2016 census figures for each zip code is provided in 1110.235(c)(7)(A).

Table 1110.235(c)(7)(A)				
Zip Code	City	Population		
60202	Evanston	32,416		
60302	Oak Park	32,258		
60304	Oak Park	17,402		
60305	River Forest	11,217		
60402	Berwyn	63,938		
60601	Chicago	13,695		
60602	Chicago	1,252		
60608	Chicago	78,072		
60611	Chicago	31,563		
60612	Chicago	35,559		
60613	Chicago	49,519		
60615	Chicago	40,257		
60616	Chicago	52,580		
-60618	Chicago	95,632		
60621	Chicago	31,383		
60622	Chicago	54,467		
60623	Chicago	88,137		
60624	Chicago	38,138		
60625	Chicago	79,157		
60626	Chicago	50,090		
60629	Chicago	115,104		
60630	Chicago	57,627		
60634	Chicago	73,382		
60637	Chicago	49,158		
60639	Chicago	90,211		
60640	Chicago	67,088		
60641	Chicago	70,642		
60644	Chicago	49,645		
60645	Chicago	47,131		
60647	Chicago	88,866		
60649	Chicago	45,218		

Table 1110.235(c)(7)(A)				
Zip Code City Population				
60654	Chicago	17,328		
60657	Chicago	70,105		
60659	Chicago	38,995		
60707	Elmwood Park	43,451		
60712	Lincolnwood	12,637		
TOTAL		1,833,320		

U.S. Census Bureau, American Fact Finder available at http://lactfinder2.census.gov/faces/nav/jsf/pages/index.xhtml (last visited August 20, 2018)

 A list of all existing and approved health care facilities located within the River North Center for Reproductive Health GSA that provide the surgical services proposed by the project is attached at Attachment – 25D.

### 2. Maldistribution of Services

The proposed ASTC will not result in a maldistribution of services. A maldistribution exists when an identified area has an excess supply of facilities and ASTC services characterized by such factors as, but not limited to: (1) ratio of surgical/treatment rooms to population exceeds one and one-half times the State Average; (2) historical utilization for existing surgical/treatment rooms for the proposed ASTC services is below the HFSRB's utilization standard; or (3) insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above utilization standards. As discussed more fully below, the ratio of operating/procedure rooms to population in the GSA is 114% of the State average, the average utilization of existing facilities is 70%, and sufficient population exists to achieve target utilization. Accordingly, the proposed surgery center will not result in a maldistribution of services. In fact, the City of Chicago is generally underserved by ASTCs, and no ASTC capable of providing the proposed scope of services has been approved in the City of Chicago in recent memory.

### a. Ratio of Stations to Population

As shown in Table 1110.235(c)(7)(B) the ratio of stations to population is 120% of the State Average.

1110.235(c)(7)(B) Ratio of Stations to Population					
	Population	Operating & Procedures Rooms	Stations to Population		
Geographic Service Area	1,833,320	450	1:4,074		
State	12,851,684	2,778	1:4,626		

### b. Historic Utilization of Existing Facilities

There are currently 18 hospitals and 10 ASTCs within 10 miles of the proposed River North Center for Reproductive Health. No existing facility in the geographic service area can accommodate FCl's projected case volume. Area hospitals are not feasible as they are less

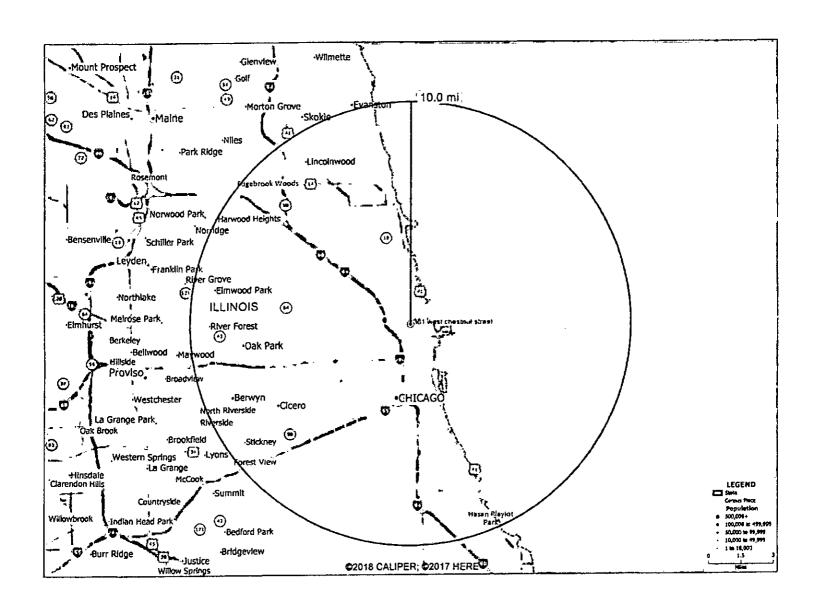
efficient and a higher cost setting for patients. Further, fertility procedures require a specialized embryology and andrology lab proximately located to where the retrieval and transfer procedures will take place. Of the 10 ASTCs in the geographic service area, only one ASTC, North Shore Surgery Center, performs IVF procedures. North Shore Surgery Center is on the periphery of the geographic service area and does not have capacity to accommodate all of the FCI projected case volume.

### c. Sufficient Population to Achieve Target Utilization

The Applicants propose to establish a limited specialty ASTC. To achieve the State Board standard of 1,500 hours per procedure room within the first two years after project completion, the Applicants would need 4,300 patient referrals. As set forth above in 1110.235(c)(7)(B), the referring physician have historically performed 7,322 procedures annually. Once River North Center for Reproductive Health is operational, the referring physicians anticipate performing an adequate volume of procedures at the Surgery Center to reach target utilization after the second year of project completion.

### 3. Impact to Other Providers

- a. River North Center for Reproductive Health will not have an adverse impact on existing facilities in the GSA. The primary services provided by River North Center for Reproductive Health are family building and medical services that do not closely relate to services provided in a hospital setting. The proposed project does not intersect in any meaningful way with health care services provided by area hospitals.
- b. The proposed facility will not lower the utilization of other area providers that are operating below the occupancy standards.



ъ
<b>≨</b>
$\overline{}$
Ä
쏲
=
3
ā
Ĕ
=
1
1
N
G
_

			<u>l</u> .	Health	<u></u>				
Hospital/ASTC	Street Address	City	Zip Code	Service Area	Straight-Line Distance	Rooms	Surgical	Surgical	
River North Same Day Surgery Center	1 East Erie Suite 300	Chicago	60611	Jervice Area	0.60	KOOMS	Cases 2,108	Hours	Utilization 46.4%
The Surgery Center at 900 North Michigan Avenue, L.	60 E Delaware Place, 15th Floor	Chicago	60601		0.60	- 4	4,675	3,477 8,907	67.9%
Grand Avenue Surgical Center	17 W Grand Ave	Chicago	60654		0.66	3	4,675	601	10.7%
Gold Coast Surgicenter, LLC	845 N. Michigan Ave, Suite 985W	Chicago	60611		0.74	4	3,101	5,402	72.0%
Northwestern Memorial Hospital	211 East Ontario, Suite 1400	Chicago	60611	6		88	76,517	136,033	82.4%
25 East Same Day Surgery	25 East Washington St.	Chicago	60602	6		4	2,227	4,399	58.7%
Rush University Medical Center	1653 West Congress Parkway	Chicago	60612	6	ļ	44	30,881	76,274	92.5%
Rush SurgiCenter - Professional Building	1725 W Harrison St	Chicago	60612	6		4	5.760	8.847	118.0%
John H. Stroger Hospital of Cook County	1901 West Harrison Street - Suite 5650	Chicago	60612-3785	6		29	24,412	48,535	89.3%
University of Illinois Hospital at Chicago	1740 West Taylor Avenue	Chicago	60612	6	<del></del>	28	24,318	54.062	103.0%
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	60657	6		28	26,469	33,886	64.5%
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	60622	6	<del> </del>	7	2,691	2,759	21.0%
Western Diversey Surgical Center	2744 N. Western Avenue	Chicago _	60647	6	<del></del>	2	1,563	1.061	28.3%
Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	60616-2477	_ 6	3.60	16	8,301	13,402	44.7%
Thorek Memorial Hospital	850 West Irving Park Road	Chicago	60613	6	3.95	17	2,358	1.998	6.3%
Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	60640	6	4.74	14		9,797	37.3%
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	60640	6	5.46	7	2,289	2,761	21.0%
Fullerton Surgery Center	4849 W. FULLERTON AVE	Chicago	60639	6	5.97	3	1,418	1,497	26.6%
Swedish Covenant Hospital	5145 North California Avenue	Chicago	60625	- 6	6.15	14	14,056	20,614	78.5%
Provident Hospital of Cook County	500 East 51st Street	Chicago	60615	. 6	6.73	11	2,399	3,642	17.7%
Loretto Hospital	645 South Central Avenue	Chicago	60644	e	6.75	5	605	640	6.8%
VHS West Suburban Medical Center	3 Erie Court	Oak Park	60302	7	7.12	12	8,118	14,718	65.4%
Community First Medical Center	5645 West Addison Street	Chicago	60634		7.48	13	6,278	7,876	32.3%
University Of Chicago Medical Center	5841 South Maryland	Chicago	60637	6	7.75	50	52,316	96,901	103.4%
Rush Oak Park Hospital	520 South Maple Street	Oak Park	60304	7	8.63	12	9,299	8,954	39.8%
Advanced Ambulatory Surgical Center	2333 N Harlem Ave	Chicago	60707	ε	8.81	3	1,137	1,052	18.7%
North Shore Surgical Center	3725 W Touhy Ave	Lincolnwoo	60712	7	8.96	3	3,892	3,916	69.6%
MacNeal Hospital	3249 South Oak Park Avenue	Berwyn	60402	7	9.16	18	15,068	17,512	51.9%
Total						450	338,077	589,524	69.9%

### Section VIII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(8) — Staffing

 River North Center for Reproductive Health will be staffed in accordance with all State and Medicare staffing requirements. Staffing for River North Center for Reproductive Health will be as follows:

### Administration

Administrator Coder/Biller (2.0 FTEs) Business Office Manager Receptionist Accounts Payable Clerk (0.5 FTE)

### Clinical

Nursing Director Registered Nurse (6.4 FTEs) Surgery Technician (2.1 FTEs) Instrument Technician (2.0 FTEs) Medical Assistant Surgery Scheduler Central Supply Tech

2. FCI currently operates an IVF center with one procedure room at 900 North Kingsbury, Chicago, Illinois. Due to scheduling issues, FCI needs to expand its capacity; however, physical plant limitations make expansion at its current Chicago location unfeasible. The purpose of this project is to relocate FCI's surgical services to a location that can accommodate current and future demand as well as offer reproductive health services for both men and women. If surgical services are not provided in the general medical office, it must receive an IDPH license. Upon completion of the project, staff from the Chicago center will transfer to the River North Center for Reproductive Health.

### Section VIII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(9) – Charge Commitment

a. A list of the procedures to be performed at the proposed facility with the proposed charge is provided in Table 1110.235(c)(9) below.

	Table 1110.2359(c)(9) Charge Commitment			
CPT	Description	Rate		
49320	Laparoscopy, surgical, abdomen, peritoneum, and omentum; diagnostic, with or without collection of specimen(s) by brushing or washing (separate procedure)	\$ 3,744.00		
49321	Laparoscopy, surgical with biopsy	\$ 5,704.96		
49322	Laparoscopy, surgical; with aspiration of cavity or cyst (eg, ovarian cyst) (single or multiple)	\$ 4,716.00		
54500	Biopsy of testis, needle	\$2,889.00		
54505	Biopsy of testis, incisional	\$5,960.00		
54800	Biopsy of the epididymis, needle	\$582.00		
58350	Chromotubation of oviduct, including materials	\$ 3,677.00		
58545	Laparoscopy, surgical; myomectomy 1-4 myomas total Weight < 250 grams	\$ 5,704.95		
58546	Laparoscopy, surgical; myomectomy 5 or myomas total Weight > 250 grams	\$ 7,061.97		
58551	Laparoscopy, surgical with removal of lelomyomata (single or multiple)			
58552	Laparoscopy with removal of tube(s) or ovary(s)	\$ 7,061.97		
58554	Laparoscopy with removal of tube(s) (and/or ovaries)	, , , , , , , , , , , , , , , , , , ,		
58660	Laparoscopy, surgical; with lysis of adhesions (salpIngolysis, ovarlolysis) (separate procedure)	\$ 7,061.97		
58661	Laparoscopy, surgical; with removal of adnexal structures (partial or total oophorectomy and/or salpingectomy)	\$ 7,061.97		
58662	Laparoscopy, surgical; with fulguration or excision of lesions of the ovary, pelvic viscera, or peritoneal surface by any method	\$ 5,277.00		
58672	Laparoscopy, surgical; with fimbrioplasty	\$ 7,061.97		
58673	Laparoscopy, surgical; with salpIngostomy	\$ 7,061.97		
59150	Laparoscopic treatment of ectopic pregnancy; without salpingectomy and/or oophorectomy	\$ 7,061.97		
58340	Catheterization and Introduction of saline or contrast material for hysterosonography or hysterosalpingography	\$ 3,677.00		
58345	Transcervical introduction of fallopian tube catheter for diagnosis and/or re-establishing patency (any method), with or without hysterosalpingography	\$ 3,052.43		
58555	Hysteroscopy, diagnostic (separate procedure)	<del></del>		
58558	Hysteroscopy, diagnostic (separate procedure)  Hysteroscopy, surgical with lysis of adhesions	\$ 3,482.00 \$ 5,681.72		
58560	Hysteroscopy, surgical with fivision or resection of Intrauterine septum (any method)	\$ 5,681.72		

	Table 1110.2359(c)(9) Charge Commitment			
CPT	Description	Rate		
58561	Hysteroscopy, surgical; with removal of leiomyomata	\$ 5,681.72		
57800	Dilation of cervical canal, instrumental (separate procedure)	\$ 113.92		
58100	Endometrial sampling (biopsy) with or without endocervical sampling (biopsy), without cervical dilation, any method (separate procedure)	\$ 189.00		
58120	Dilation and curettage, diagnostic and/or therapeutic (nonobstetrical)	\$ 4,080.00		
59820	Treatment of missed abortion, completed surgically; first trimester	\$ 3,541.00		
58970	Follicle puncture for retrieval	\$ 6,514.15		
58974	Embryo transfer, intrauterine	\$ 4,788.00		
76705	Ultrasound guidance for embryo transfer	\$ 244.98		
76948	Ultrasound guidance for egg retrieval	\$ 244.98		
S4028	Microsurgical epididymal sperm aspiration (MESA)			

A letter from River North Center for Reproductive Health committing to maintain the charges listed above in Table 1110.235(c)(9) is attached at Attachment – 25E.

### [River North Center for Reproductive Health Letterhead]

August 22, 2018

Richard Sewell Vice Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield, Illinois 62761

Re: Charge Commitment

Dear Vice Chair Sewell:

Pursuant to 77 Ill. Admin. Code § 110.235(c)(9)(B), I hereby commit that the attached charge schedule will not be increased, at a minimum, for the first two years of operation of River North Center for Reproductive Health unless a permit is first obtained pursuant to 77 Ill. Admin. Code § 1130.310(a).

Sincerely,

River North Surgery Center, LLC

Subscribed and sworn to me

This 9 day of Centerwise.

Notary Public

MAUREEN CASEY
Official Seal
Notary Public – State of Illinois
My Commission Expires Feb 14, 2022

Section VIII, Service Specific Review Criteria Non-Hospital Based Ambulatory Surgery Criterion 1110.235(c)(10), Assurances

Attached at Attachment – 25F is a letter from River North Center for Reproductive Health certifying that the proposed facility will achieve target utilization by the end of the second year of operation.

### [River North Center for Reproductive Health Letterhead]

August 22, 2018

Richard Sewell Vice Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2<sup>nd</sup> Floor Springfield, IL 62761

### Dear Vice Chair Sewell:

Pursuant to 77 Ill. Admin. Code § 1110.235(c)(10), I hereby certify that a peer review program exists or will be implemented that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for the ASTC services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated.

I further certify that by the second year of operation after project completion, the annual utilization of procedure rooms will meet or exceed the utilization standard specified in 77 Ill. Admin. Code § 1100.

Sincerely.

Manager

River North Surgery Center, LLC

Subscribed and sworn to me

This q day of September, 20

Notary Public

MAUREEN CASEY
Official Seal
Notary Public – State of Illinois

My Commission Expires Feb 14, 2022

# Section VIII, Availability of Funds Criterion 1120.120 – Availability of Funds

- 1. The Surgery Center will be funded through 70% by a line of credit from Citibank, N.A. and 30% through equity contributions, which the Applicants will escrow within 90 days of permit approval. Attached at Attachment 34A is a letter from Citibank, N.A. indicating an interest in providing financing for River North Center for Reproductive Health.
- 2. Attached at Attachment 34B is the letter of intent for the lease between 361 Chestnut, LLC and River North Surgery Center, LLC.



321 N Clark St 34<sup>th</sup> Floor Chicago, IL 60654

September 21, 2018

Mr. Seth Tuscher Ms. Allison Olszta CBRE, Inc.

Re:

Fertility Centers of Illinois Letter of Intent 361 W Chestnut

Chicago, IL

Dear Seth and Allison:

On behalf of Fertility Centers of Illinois ("Tenant"), please find below our final Letter of Intent to lease space at 361 West Chestnut.

We look forward to working with you on this transaction.

Building:	351 West Chestnut, Chicago
Teriant:	Fertility Centers of Illinois
Landlord:	Please provide information detailing the ownership structure of the Building as well as any financing or ground leases encumbering the property.  361 Chestnut, LLC
	Please indicate the extent to which lender approval would be require in connection with Landlord entering into a lease with Tenant. Lender approval will not be required as there is no mortgage on the Building.
Initial Premises:	18,620 gross square feet (GSF) for the Ambulatory Surgical Center
	Premises shall be measured in accordance with BOMA (ANSI Z65.1 – 1996) method of measurement. Any space leased during the Lease Term, including all extensions shall be measured using the same method of measurement as for the initial Premises. Confirmed
Use:	Ambulatory, outpatient medical office
Lease Commencement Date:	August 1, 2019
Leasé Term:	Thirteen (13) years from August 1, 2019.
Possession:	April 1, 2019.
Initial Base Gross Rent:	\$36.75 base gross with \$0.50 annual escalations.
Rent Abatement;	For the entire Initial Premises, Landlord shall offer Tenant Four (4) months of gross rent abatement commencing August 1, 2019. And Thirteen (13) months of fifty percent (50%) gross rent abatement commencing December 1, 2019.

	The state of the s
Operating Expenses & Real Estate Taxes:	Tenant shall pay a pro-rata share of increases in real estate taxes over a 2019 base year. (Based upon actual 2019 expenses including 2018 taxes payable in 2019);
	Tenant shall pay a pro-rata share of increases in operating expenses over a 2019 base year.
	Landlord will not include in operating expenses; (i) those expenses, regardless of whether capital or ordinary, incurred in compliance with current or future laws; (ii) repairs (excluding routine maintenance) to exterior portions of the Building/Development such as the roof, facade and lobby; (iii) those operating expenses not attributable to Tenant; and (iv) those other expenses customarily excluded therefrom, including, but not limited to, any capital improvements.  For discussion and to be further defined in lease document.
	Tenant shall have audit rights. To be further addressed in lease document.
	2018 estimated real estate tax and operating expenses are estimated to be \$7.00 per rsf (approximately \$4.25 in taxes and \$2.75 in operating expenses)
Valet Drop Off	Landlord agrees to work with Tenant, at <u>Tenant cost</u> , to accommodate the following requirement for Tenant to receive their <u>Certificate</u> of <u>Need (cost to be paid for by tenant)</u> :
·	The entrance to the center, or the entrance to the bullding in which the center is located, shall be sheltered from the weather, located by grade level and must be able to accommodate wheelchairs and stretchers, if applicable.
	Please submit drawlngs for our review.
	In lieu of the front canopy extension, the interior slab in the northeast corner can be dropped to the level of main entry/grade between the main entry and the covered dropoff at the NE corner to create an interior corndor to the elevator.
Generator	Landlord will work with Tenant to determine a proper location for the Tenant's generator.
Tenant Improvement Allowance:	Landlord shall provide tenant with a Tenant Improvement Allowance in the amount of \$75.00 per rentable square foot to be applied to the design and hard costs of construction. Landlord shall also provide an allowance for one (1) initial space plan at \$0.12/SF.
	Tenant shall have the right to use: architects, contractors, sub-contractors and engineers of Tenant's selection for the construction of any and all tenant improvements. Subject to customary review and approval.
	As Tenant's Work progresses, Tenant shall submit to Landlord, not more than once per month, draw requests together with signed lien waivers, contractors' affidavits, owner (tenant) statements and architect's certificates (collectively, the "Payment Documentation"), in such form as may be required by Landlord, from all parties performing labor or supplying materials or design and consulting services in connection with the portion of Tenant's Work covered by the applicable draw request, showing that such Tenant's Work has been completed. Any additional

	costs attributed to Tenant's improvements beyond the \$75.00 per square fool shall be paid by Tenant.
	Chicago Title & Trust shall hold all construction escrow money.
Base Building:	Landford will deliver the Premises in a white box condition. The definition of white box shall include but not be limited to:
	<ul> <li>the demolition of the existing duct work – completed</li> <li>Ritchen ductwork (MUA + 8LK iron being removed from interior &amp; exterior of building) - completed</li> <li>the demolition and or termination of the gas except where needed – completed</li> </ul>
	- demolition of the kitchen floor and the Premises be delivered per code completed
	In preparing the test fit alternatives, it was determined that two ramps will be required at the exterior of the building on the West side for egress purposes at each corner of the building. The one at the SW corner will have to be sized in order to accommodate stretchers. This door will also need to be widened for stretcher access. FCI will not accept having patients enter through a back corridor or through back of the building and want them coming directly to the main reception so the existing dock will not be used for dropoff. Nor will FCI accept the existing exterior lift as the main covered entrance for patients. So long as these improvements are covered by the TI Allowance.
	Landlord believes that all the work in Exhibit A can be completed. Landlord is offering an additional \$10.00 (included in the \$75.00 in TI above) per square foot in T.I.
	Landlord, at Landlord's sole cost, will complete the work in order to bring mechanical, electrical, and HVAC base building to the premises. The required electrical, water and gas service will be brought into the building by the LL per Tenant's requirement. Roof top units, RTU will be installed by the LL with supply and return feeds to the space per tenant's requirements. If Tenant's plans require more mechanical, electrical and HVAC improvements than what was designated for base building standard, Tenant will be responsible for any and all upgrades.
	Tenant will use the TI allowance to cover expenses Tenant elects to spend on upgrading bathrooms above and beyond building standard finishes.
	Landlord will provide rough plumbing (supply, waste & vent) for tenant primary restrooms, per code. Landlord will not provide plumbing for lavatories or Individual plumbing for additional patient restrooms.
	Such Base Building work to be further defined in the Lease.
tenewal Option:	Provided Tenant is not in default, Tenant shall have the right to renew this lease for two (2) additional five (5) year terms with twelve (12) months prior written notice. Rent for the renewal period shall be the greater of \$0.50 escalation over the previous year of Gross Rent or the then Market Rates and Concessions which shall be further defined in the lease.

Right of First Offer:	Subject to existing Tenant's rights as of the date of the Lease (which rights must be exercised strictly in accordance with their terms), Tenant will have a continuous Right of First Offer for part or all of the lower level, 2 <sup>nd</sup> , floor and mezzanine during the Lease Term.  Please provide a schedule of all existing expansion, renewal and preferential rights for other tenants. There are no existing encumbrances on the vacant space.  Tenant shall have ten (10) business days within which to elect to lease such space, on the terms included in such offer, including all concessions.
Janitorial:	As part of operating expenses, Landford shall provide Tenant with janitorial services within the common Premises Monday — Friday. Tenant is responsible for costs to clean its own premises. Landford will help Tenant obtain bids from approved janitorial providers for tenant's space. Starbucks (the other existing tenant) handles all of their own janitorial costs.
Security Deposit:	To be determined based on review of Tenant's financials. Please provide three (3) years of statements. Tenant owes additional information to Landlord in order to review and determine deposit. Assuming Tenant can provide financials as discussed, a LOC of \$400,000 will be required at lease signing. If Tenant has not been in monetary default, the LOC will burndown by \$100,000 per lease year, once tenant has been paying full rent (rent abatement needs to burn off) until the Landlord holds \$100,000 for the remainder of the term. The LOC will be required as soon as CON approval is received.
Alterations;	Construction Documents: Landford has already provided all of the CAD and drawlings they have. Landford shall also provide a site plan showing building and parking.
	Landlord requires that Landlord architect reviews and approves all construction drawings. Approval of plans shall not be unreasonably withheld or delayed.  Landlord will have the right to object only to those items that interfere with the structural or mechanical integrity of the Building.
	For any future non-structural Alterations, Tenant will be able to undertake those without Landlord's consent. For any other Alterations or structural Alterations, which shall be limited to those Alterations which affect the structural or mechanical integrity of the Building, Landlord's reasonable consent shall be required, which consent shall not be unreasonably withheld or delayed. Landlord agrees to provide written consent, or non-consent stating the reasons for such non-consent, within 10 days of receiving written request from Tenant. Further; Landlord agrees to execute all required permit forms upon the submission of plans by Tenant.
	Landlord requires CD review. Tenant to provide Landlord with full set of stamped, Building Department approved permit CD's at tenant expense. The charge by Landlord for the review of plans, any periodic progress inspections or any inspections related to completion of GC draw requests will be a one-time fee of \$0.50 per rentable square feet.
Restoration:	To be determined based on the review of Tenant's space plans and drawings.

	· · · · · · · · · · · · · · · · · · ·
HVAC:	Tenant:shall have control over HVAC serving the premises and will be responsible for electric and gas directly.
	In addition, Tenant will-have the right to install or cause to be installed a dedicated cooling system and Landlord shall provide adequate space and Shaft Space in connection therewith. — OK
	Vertical shaft space to be external on south or west elevations. Possible interior shafts cannot penetrate existing/occupied tenant spaces.
	Tenant to be responsible for the maintenance of the HVAC installed solely for it's use.
Fiber:	Please confirm that the building has fiber optic cable and identify the current providers of fiber in the Building.
	AT&T is the current Fiber Option Cable Provider. There may also be accessibility with RCN.
Termination Right:	Landlord will provide Tenant with a one-time right to terminate the lease after the 8th lease year by providing fourteen (14) months prior written notice. The penalty shall be equal to unamortized transaction costs (Tenant improvement Allowance, commissions and abatement) at 8% plus five (5) months gross rent. The termination fee shall be due fifty percent (50%) upon notice of Tenant intent to Terminate and fifty percent (50%) on the effective termination date.
	Prior to lease execution, Landlord shall provide a Termination Payment Calculation for Tenant's review and approval which will be attached to the lease document.
Electrical Capacity:	Tenant will be provided available electrical capacity and shall be separately metered at Landlords expense. At Tenant's sole expense, Landlord will accommodate a generator pad exclusive to Tenant. The cost to install the electrical meter shall be at Landlord's initial expense. Purchase and installation of a generator shall be at Tenant's cost. Location to be mutually agreed upon.
	Tenant will require a minimum electric service of 400 amps, but the requirement is still being defined. Please provide current Building service capacity. The building is able to accommodate 400 amps.
Sublease and Assignment:	Tenant shall have the right, without Landlord's consent, to sublease any portion of the Premises or assign this Lease to any other entity under its control, provided however, Tenant shall remain liable.
	Tenant shall also have the right at any time to sublease or assign all or any portion of Tenant's Premises to any unrelated entities with Landlord's consent, which is not to be unreasonably withheld, conditioned or delayed. Landlord shall have no right of recapture nor the right to change any terms of the lease in the event of a sublease or assignment. All rights of the Tenant under the lease shall inure to the benefit of the sublessee/assignee. Tenant shall have the right to advertise the availability of the space without restrictions as to: the rental rate advertised; whether potential subtenants/assignees are existing tenants of the Building; amount of space offered to the market; length of term; location of space being offered; and, condition of the space being offered.

	Landlord shall share 50% of profit participation, less sublease deal costs (abatement, improvement allowance, commissions, marketing).
To the state of th	Tenant shall have the right to sublease portions of the Premises to "friends of the firm" with whom Tenant has independent ongoing business relationships without the Landlord's consent. Please provide more details about frequency, size and timing of these requests:
Relocation Rights:	Landlord shall not be allowed to relocate Tenant or any portion thereof within the Building at any time during the lease term or subsequent renewal terms. Confirmed.
Hazardous Materials:	Landlord will deliver to Tenant a certification that the Premises are asbestos free. In addition, Landlord will represent that there are no Hazardous Materials in the Premises in accordance with the Comprehensive Environmental Response and Liability Act. If Tenant discovers Hazardous Materials during Tenant Construction then Landlord shall remove such Hazardous Materials at Landlord's sole cost. Confirmed.
Signage:	At no cost to Tenant, Landlord shall provide Tenant with building standard signage on the Building Directory and Suite Entrance,
	Tenant shall also have the right-to add exterior building signage on 361 W.Chestnut at a location TBD at Tenants sole cost. All signage must have prior written approval from Landlord and subject to city ordinances.
Parking:	Landlord will provide Tenant 26 parking spaces throughout the term of the lease at \$200 per month, subject to market increases. Two (2) of these parking spaces shall be covered and adjacent to the covered entrance to meet the requirement for the Valet Drop Off.
	In addition, if additional parking spaces are available, Tenant can pay \$200 (or current market rate) per month for month-to-month use.
	These spaces shall be marked "Reserved" for Tenant and Tenant shall have ability to tow unauthorized vehicles at vehicle owner's expense.
Building Security:	The Building will be accessible after hours by card reader only.
Agency:	Landlord acknowledges that Landlord has been informed, both orally and by this written disclosure, that: (1) Tenant Advisors, Inc. and CBRE, Inc. are acting on behalf of Fertility Centers of Illinois for the lease of this real estate; and (2) information given to the Agent by the Landlord may be disclosed to Fertility Center of Illinois.
Brokerage Fees:	Per a separate agreement. This counterproposal is submitted on the understanding that CBRE, Inc. (as Tenant's broker) will receive from Landlord one full commission (defined as \$1.25 per square foot per year and partial year of lease term, including abated months). 100% due and payable upon delivery of a fully executed lease and CON approval.
Due Diligence Deposit:	At the time of signing of a Letter of Interit, Tenant shall provide Landlord with a Letter of Credit for the \$120,000 deposit, while tenant is seeking its Certificate of Need. If the Tenant is granted this use, then the deposit shall be refunded within five (5) business days of Tenant notifying Landlord of CON approval. If the



	decision has not been reached or granted by January 31, 2019 then the amount shall become non-refundable and transferred to owner.  If additional timing is needed to receive CON approval, an additional deposit of \$40,000 (for a total deposit of \$160,000) will be required until April 1, 2019. If Tenant is granted their CON on or prior to April 1, 2019, then the full deposit of \$160,000 shall be refunded to Tenant within five (5) business days of Tenant notifying Landlord of CON approval.
Confidentiality:	This counterproposal and all discussions related thereto shall be held in confidence by Landlord and Tenant and will not be discussed with third parties except on an "as needed" basis (e.g., attorneys).
GERTIFICATE OF NEED CONTINGENCY:	Tenant CON Permit Obligation: Landlord and Tenant understand and agree that the establishment of any ambulatory surgery center in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act. 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish an ambulatory surgery center on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities and Services Review Board (HFSRB). The parties agree that they shall promptly proceed with due diligence to negotiate the ferms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective prior to CON permit approval.

The terms of this counterproposal are valid for five (5) days after the date of this counterproposal. This counterproposal is not intended as, and does not constitute, a binding agreement by any party nor an agreement by any party to enter into a binding agreement, but is merely intended to specify some of the proposed terms and conditions of the transaction contemplated herein. Neither party may claim any legal rights against the other by reason of the signing of this letter or by taking any action in reliance thereon. Each party hereto fully understands that no party shall have any legal obligations to the other, or with respect to the proposed transaction, unless and until all of the terms and conditions of the proposed transaction have been negotiated, agreed to by all parties and set forth in a definitive agreement which has been signed and delivered by all parties.

U	_		
Regards,			
Liza Passarelli First Vice President	Bill Sheehy Senior Vice President	Brady Wolfe Associate	_
Agreed and Accepted:			
Landlord:		Tenant:	

Fertility Centers of Illinois Page 8 of 12

By: XICULA GOVALL

Si flying Officer/Executive Director

EXHIBIT A Tenant will be financially responsible for completing all the work listed in Exhibit A along with all necessary due dillgence. Landlord shall have final review/approval of all plans so as remaining leasable space is not affected by any of these changes/additions to the building spaces.

### Normal Power

- Due to having to provide all infrastructure components for the mechanical system and having no base building systems to connect to the main electrical service will increase in size from the previous facility assessment for the River North property.
- 2. The 2017 version of the Chicago Electrical Code requires hospitals/facilities providing surgical services to have two utility services to support the space. This requirement would be triggered by our ambulatory surgical center. The current electrical service entrance and meter lineup will not be able to accommodate this service configuration.
  - a. It is estimated that we would require between 800-1000 amps, fully rated, at 480 volt, 3-phase for each service to support the ASC.
  - b. We propose a double ended switchgear lineup and getting variance form the city that our ATO (automatic throw over) serves as our first level of transfer switches to select between utility sources.
  - c. The existing 480 volt service and the existing meter bank would remain installed to support house services and future tenants in the currently unleased spaces.
- 3. We would require space in the basement level to house the new electrical service entrance and associated transformers and distribution for the normal branch power.
  - a. A rough room size at this time is 20ft by 15ft
- 4. It is assumed that individual panels can be located on the first floor within the ASC space in shallow depth electrical closets.

### **Emergency Power**

- If entire floor is licensed as an ASC and we have a single AHU serving it we will need a
  generator around 500 kVA to support the ASC, lab area, and patient areas. If we can
  eliminate cooling on emergency power and just put heating and ventilation we can reduce
  the generator to an estimated 350-400 kVA in size.
- 2. There will need to be structural modifications made to the building to locate the generator of this size on the roof.

The generator will require a bulk fuel storage tank on site, we propose burying it in the parking lot and pumping fuel up to the roof. Generator and its location. Rather than looking at structural modifications to roof, pumping gas up, and burying a tank in the parking lot, maybe they could just use 1 of their parking spaces for said generator, power it with natural gas in leu of diesel / gas, and erect a chain link fence around it for security.

a. A location in the building will be required for the pump system.

- 2. The generator will require vibration isolation on the roof and a higher grade of sound proofing on the enclosure due to proximity to residential buildings.
- 3. An emergency distribution room will be required in the basement to house the emergency generator distribution panel, transfer switches, transformers and critical/equipment/life safety distribution equipment.
  - a. A rough room size at this time is 15ft by 10ft.
- 4. It is assumed that individual panels can be located on the first floor within the ASC space in shallow depth electrical closets.

### Fire Alarm

 The previous configuration of the building had full area smoke detection configured to support multiple tenants set up as commercial kitchens. The building owner believes that the current fire alarm system has enough capacity to support the potential ASC buildout on the first floor and/or can be expanded as needed.

HVAC - Two utility services requested. Currently the building has two separate services 1 – 208v 3 phase (used by Starbucks) and 1 – 480v 3 phase (serving rest of building). We recommend that FCI explore this further with the involvement of a MEP engineer to survey and map out a plan that would conform to their program needs.

- The HVAC has been removed from the current space. The building developer has plans of seven individual air handling units located above the celling along Sedgwick. The style of the units are suggested to be variable air volume (VAV) but it's not clear what the proposed terminal plan is for individual room temperature controls for the granular floor plan required by FCI. In any case, this scheme would be challenging with ceiling heights, maintenance, and access for the FCI floor plan and space expectations.
- 2. It is proposed that a single (or two depending on the final decision on licensing and available space) floor mounted central air handling unit be installed. Total airflow is approximately 28,000 cfm to serve the FCI buildout space. The air handling unit will include supply and return fans, pre and final filters, DX cooling coil and a heating coil. The heating will need to be evaluated if gas, electric, or hydronic coil is preferred. If gas, intake and flue will be required. If hydronic a small boiler system will be required. A 28,000 cfm air handling unit is approximately 40' L x 8' W x 8' H and requires one column bay by two column bays for installation, clearance, and ductwork; depending on space location and layout.
- 3. The distribution system will include variable air volume boxes with reheat. If the air handling unit is hydronic heat then these reheats will be hydronic. If the air handling unit is gas or electric then it will be evaluated if the reheat coils will be electric or hydronic. In addition to the supply air VAV boxes, return boxes will be provided to maintain proper pressurization in the Procedure Rooms and Lab. If space is available for two units, one unit can supply the procedure area and lab while the other unit supplies the prep/recovery, exam, office, and other support spaces. The procedure/lab unit will have return VAVs while the recovery/exam/office unit could just have ducted return with no boxes.
- Exhaust will be routed through chases on the second floor and located on the roof. The
  north and east part of the second floor is currently unoccupied so those would be the best
  locations for risers.

- 5. A gas or electric steam generator will be provided to serve the air handling units and the building's humidity requirements.
- 6. In addition to locating the air handling, other building coordination required will be location for outside air and relief, location for condensing unit(s), and chases through the second floor for exhaust risers.
- 7. If IVF or similar procedures are happening in the lab it is suggested that additional filtration be provided such as a Zand-Air Air PCOC, or similar product. FCI to advice on filtration needs

### Plumbing

- 1. Existing building has a common water entrance. This entrance will be used and extended to the FCI space.
- 2. There are no water heaters serving the first floor so new water heaters and recirculation system will be required.

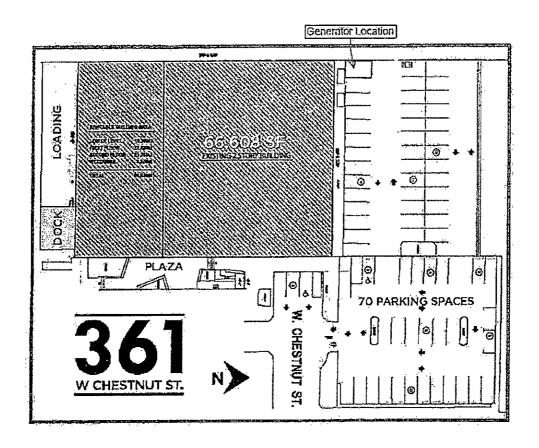
### Fire Protection

The existing building does not have sprinklers. Per the Architect sprinklers are required for the FCI space. Therefore, a new 6" water service will be installed to serve a new sprinkler system. New 6" water service for fire sprinkler. Space planning needed for a new service main and fire sprinkler control room. The second room south of the north room on the Lower Level room on the East Elevation is ideal for this location as it is the location of the main water supply from the City of Chicago Water Supply that enters the building location.

### Medical Gas

 Two medical gas froms will be required. One will include a new medical air compressor and medical vacuum pump. The other will include gas manifolds for oxygen and nitrous oxide. If additional gases are required (carbon dioxide, nitrogen), those will be included in the manifold room.

Emergency Power - suggested location



# Section IX, Financial Viability Criterion 1120.130 Financial Viability

- 1. Pro forma financial statements for the first full fiscal year after the project achieves target utilization are attached at Attachment 36.
- 2. Financial viability worksheets for the first full fiscal year after the project achieves target utilization are attached at Attachment 36.

# Attachment - 36

## RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH

### FINANCIAL PRO FORMA

Prepared by:



November 20, 2018

Marcus Williamson
River North Center for Reproductive Health

We have compiled the accompanying forecasted balance sheet, statements of income, retained earnings, and cash flows of Fertility Centers of Illinois for the first two years of operations, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Christopher Macek, CPA Partner PBC Advisors, LLC

November 20, 2018

Projected Volume and Reimbursement by Procedure

Vaar	4	1/41	

	I	ear I - Volum	<u> </u>			
Aetna	BCBS	Humana	United	Total	Reimb. Rate	Annual Revenue
7%	77%	2%	14%	100%		·
fers:						
123	1,469	37	245	1,873	1,236.00	2,315,275
71	694	21	132	918	1,236.00	1,134,895
79	896	24	164	1,162	1,236.00	1,435,861
					1,236.00	
1	43	1	1	46	1,236.00	56,856
1	9	j <del>e</del>	1	11	1,236.00	13,349
25	173	5	36	239	1,236.00	294,786
5	33	1	8	47	1,236.00	57,845
5	14	1	5	24	1,236.00	30,035
<b>-</b> .	1		1	2	1,236.00	2,225
•	<b>4</b>	<b>-</b> ,	~ <del>-</del>	•	1,236.00	-
1	5	4	1	7	1,236.00	8,899
2	26	w <sup>*</sup>	3	31	1,236.00	37,822
313	3,363	88	. 596	4,359		5,387,848
					Bad debts	(120,177)
						5,267,671
	7%  fers:  123 71 79 1 1 25 5 5 1 2	Aetna         BCBS           7%         77%           afers:         123         1,469           71         694         79         896           1         43         1         9           25         173         5         33           5         14         -         1           -         1         5         2           2         26         26	Aetna         BCBS         Humana           7%         77%         2%           afers:         123         1,469         37           71         694         21         29           79         896         24           1         43         1         1           9         -         -         -           25         173         5         5           5         33         1         -           5         14         1         -           -         1         -         -           1         5         -         -           2         26         -         -	7% 77% 2% 14%  fers:  123 1,469 37 245  71 694 21 132  79 896 24 164  1 43 1 1  1 9 - 1  25 173 5 36  5 33 1 8  5 14 1 5  - 1 - 1	Aetna         BCBS         Humana         United         Total           7%         77%         2%         14%         100%           Interest of the state of	Aetna         BCBS         Humana         United         Total         Reimb. Rate           7%         77%         2%         14%         100%           fers:           123         1,469         37         245         1,873         1,236.00           71         694         21         132         918         1,236.00           79         896         24         164         1,162         1,236.00           1         43         1         1         46         1,236.00           1         9         -         1         11         1,236.00           25         173         5         36         239         1,236.00           5         33         1         8         47         1,236.00           5         14         1         5         24         1,236.00           -         1         -         1         2         1,236.00           -         -         -         -         1,236.00           -         -         -         -         1,236.00           -         -         -         -         1,236.00           -

Projected Volume and Reimbursement by Procedure

Vaar	2 -	Val	ıımα

		100	ai 2 - VOIBINE		<u> </u>		
СРТ	Medicare	BCBS	A	8	Total	Reimb. Rate	Annual Revenue
Payor Mix	7%	77%	2%	14%	100%	•	
IVF Retrievals and Tran	nsfers:						
58970	138	1,645	41	274	2,098	1,260.72	2,644,970
58974	80	777	24	148	1,028	1,260.72	1,296,504
58974F	88	1,003	26	183	1,301	1,260.72	1,640,328
Procedures:							
57020	1	48	1	1	52	1,260.72	64,952
58555	1	10	-	1	12	1,260.72	15,250
58558	28	194	5	40	267	1,260.72	336,764
58559	5	37	1	9	52	1,260.72	66,082
58560	6	15	1	5	27	1,260.72	34,312
58561	<del></del>	1	-	1	2	1,260.72	2,542
58800	-	-	` <del>**</del> *.	-	-	1,260.72	-
59812	1	6	-	1	8	1,260.72	10,166
59820	2	29		3	34	1,260.72	43,207
TOTALS	350	3,766	99	667	4,882		6,155,077
					<del></del>	Bad debts	(148,322)
							6,006,755

Year Tw	o Assum	ptions:
---------	---------	---------

Volume increase in year 2	12%
Rate increase in year 2	2%

**Expense Assumptions** 

•		%	
Annual Operating Former and	Year 1	Incréase:	Year 2
Annual Operating Expenses Salaries and wages	894,620	12 60/	1.016.471
Employee Benefits		13.6%	1,016,471
* *	232,601	13.6%	264,282
Contract labor	6,886	23.4%	8,499
Employee G & A	3,913	23.4%	4,829
Seminars & Education	783	23.4%	. 966
Dues, Fees, Subscriptions	. <b>5,44</b> 6∙	23.4%	6,722
Travel & Entertainment	-8,869	23.4%	10,946
Office supplies	38,900	20.6%	46,900
Medical supplies	1,086,412	0.8%	1,095,436
Professional fees	83,867	23.4%	103,509
, Medical related fees	87,657	23.4%	108,186
Leases & Rentals	839,646	1.9%	855,934
Repairs and maintenance	1	2 1118 1 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	5,000
Utilities	204,000	2.0%	208,080
Bad Debts	120,177	23.4%	148,322
of viet richa so o	363	ivo sun	
A Charles of the Control	- Ly - 184 7	135.53	
. Owner Contributions - working capital	750,000		5
Owner Contributions - Building (30%)	1,860,485		
Owner Contributions - Equipment (30%)	858,429		
The Statement of the State of t	3,468,914		
F 1 4 2 3 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	The second secon	1 Jajob Let.	
No one of the		and the second of the second o	

RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH

PROJECTED STATEMENT OF OPERATIONS Accrual Basis

ACCIUAL DASIS		
	Year 1	Year 2
Number of Cases	4,359	4,882
Revenues	\$ 5,267,671	\$ 6,006,755
Operating Expenses		
Salaries and wages	936,973	1,016,471
Employee Benefits	254,625	264,282
Contract labor	7,594	8,499
Employee G & A	4,315	4,829
Seminars & Education	864	996
Dues, Fees, Subscriptions	900'9	6,722
Travel & Entertainment	9,781	10,946
Office supplies	- 42,808	46,900
Medical supplies	1,177,698	1,095,436
Professional fees	92,493	103,509
Medical related fees	96,673	108,186
Leases & Rentals	839,646	855,934
Repairs and maintenance	417	2,000
Utilities	221,340	208,080
Interest	330,435	278,942
Total Operating Expenses	4,021,668	4,014,702
Depreciation	445,159	445,159
Net Income (loss)	\$ 800,844	\$ 1,546,894

Page 6

Page 7

# RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH PROJECTED STATEMENT OF CASH FLOWS

		Year 1		Year 2
Cash From Operating Activities			ļ	
Net Income	<del>6/3</del>	800,844	₩	1,546,894
Add (subtract):				
Depreciation and Amortization		445,159		445,159
(Inc.) dec. in Accounts Receivable		(658,459)		(92,386)
Change in Accounts Payable		222,019		(1,969)
Cash from (used for) Operations		809,563		1,897,699
Cash from Investing & Financing Activities				
Owner Cash Contributions		3,468,914		
Loan Borrowings		6,344,133		
Fixed asset purchases		(9,063,047)		
Loan repayments		(491,335)		(516,473)
Owner Distributions		•		1 :
Cash (used for) from Invest. & Finance Activities		258,665		(516,473)
Beginning Cash		,		1,068,228
Ending Cash	<del>⇔</del>	\$ 1,068,228	<del>69</del>	2,449,454

RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH PROJECTED BALANCE SHEET

	Year 1	Year 2
ASSETS		
Current Assets:		
Cash and equivalents	\$ 1,068,228	\$ 2,449,454
Accounts Receivable	658,459	750,844
Total Cunent Assets	1,726,687	3,200,298
Fixed Assets:		
Building (39 years)	6,201,618	6.201.618
Furniture and equipment (10 years)	2,861,429	2,861,429
Accumulated Depreciation	(445,159)	(890,317)
Total Fixed Assets	8,617,888	8,172,729
Total Assets	\$ 10,344,575	\$ 11,373,028
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 222,019	\$ 220,051
Building loan - current portion	136,318	143,292
Equipment Loan - current portion	380,155	399,604
Total Current Liabilities	738,492	762,947
Non-current liabilities		
Building Loan - non-current portion	4,075,131	3,931,839
Equipment Loan - non-current portion	1,261,193	861,589
Member's Equity	*20,000,0	4,173,420
Paid in capital	3,468,914	3,468,914
Net Income	800.844	1.546.894
Owner distributions	i i	
Retained Earnings	1	800,844
Total Member's Equity	4,269,758	5,816,653
Total Liabilities and Equity	\$ 10,344,575	\$ 11,373,028

Monthly Cash Flow Statement Year 1

Month	 Month 1	N	1onth 2	М	lonth 3	ň	Month 4	}	Month 5		Month 6		Month 7	ľ	Month 8	Ņ	Month 9	Мо	onth 10	М	Ionth 11	М	onth 12	Year 1
Cases/Month	363		363		363		363		363		363		363		363		363		363		363		363	4,359
Revenues	\$ 438,973	\$	438,973	\$	438,973	\$	438,973	s	438,973	\$	438,973	\$	438,973	8	438,973	\$	438,973	\$	438,973	\$	438,973	s	438,973	\$ 5,267,671
CASH - BEGINNING		\$	392,418	S	254,322	S	335,713	·\$	417,103	S	498,494	s	5 <b>7</b> 9,885	s	661,275	\$	742,666	\$	824,056	\$	905,447	\$	986,838	
Collections			219,486		438,973		438,973		438,973		438,973		438,973		438,973		438,973		438,973		438,973		438,973	4,609,212
Operating Expenses																								
Salaries and wages	74,552		74,552		74,552		74,552		74,552		74,552		74,552		74,552		74,552		74,552		74,552		74,552	894,620
Employee Benefits	19,383		19,383		19,383		19,383		19,383		19,383		19,383		19,383		19,383		19,383		19,383		19,383	232,601
Contract labor	574		574		574		574		574		574		574		574		574		574		574		574	6,886
Employee G & A	326		326		326		326		326		326		326		326		326		326		326		326	3,913
Seminars & Education	65		65		65		65		65		65		65		65		65		65		65		65	783
Dues, Fees, Subscriptions	454		454		454		454		454		454		454		454		454		454		454		454	5,446
Travel & Entertainment	739		739		739		739		739		739		739		739		739		739		739		739	8,869
Office supplies	3,242		3,242		3,242		3,242		3,242		3,242		3,242		3.242		3,242		3,242		3,242		3,242	38,900
Medical supplies	90,534		90,534		90,534		90,534		90,534		90,534		90,534		90,534		90,534		90,534		90,534		90,534	1,086,412
Professional fees	6,989		6,989		6,989		6,989		6,989		6,989		6.989		6.989		6.989		6,989		6,989		6,989	83,867
Medical related fees	7,305		7,305		7,305		7,305		7,305		7,305		7.305		7,305		7,305		7,305		7,305		7.305	87,657
eases & Rentals	69,971		69,971		69,971		69,971		69,971		69,971		69.971		69.971		69,971		69,971		69.971		69,971	839,646
Repairs and maintenance					*								*		-		,-··				,at			-
Utilities	17,000		17,000		17,000		17,000		17,000		17,000		17,000		17,000		17,000		17.000		17,000		17,000	204_000
Interest	26,434		26,267		26,100		25,932		25,763		25,593		25,423		25.252		25,080		24,908		24,735		24,561	306,048
Total Operating Expenses	317,567		317,400		317.233		317,065		316,896		316,727		316,556		316,385		316,214		315,041		315,868		315.695	3:799,648
NET CASH PROFIT	 (317,567)		(97,914)		121,739		121,908		122,076		122,246		122,416		122,587		122,759		122,931		123,104		123,278	809,563
Owners contribution	750,000		0		0		0		0		0		0		0		0		0		0		0	750,000
Bank borrowing																								•
Less: Loan Repayment Less: owner distributions	(40,015)		(40,181)		(40,349)		(40,517)		(40,686)		(40,855)		(41,026)		(41,197)		(41,368)		(41,541)		(41,714)		(41,887)	(491,335
CASH - ENDING	\$ 392,418	\$	254,322	\$	335_713	\$	417,103	S	498,494	\$	579,885	\$	661,275	\$	742,666	S	824.056	S	905_447	s	986,838	\$	1.068.228	

# RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH Monthly Cash Flow Statement Year 2

Month	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Year 2	
Cases/Month	407	407	407	407	407	407	407	407	407	407	407	407	4,882	
Revenues	<b>\$</b> 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 500,563	\$ 6,006,755	
CASH-BEGINNING	\$ 1,068,228	\$ 1;129,439	S 1,221,444	S 1,344,245	S 1,467,046	\$ 1,589,847	\$ 1,712,648.	S 1,835,449	S 1,958,250	\$ 2,081;053	S 2,203,852	\$ 2,326,653		
Collections	438,973	469,768	500,563	500,563	500,563	500,563	500,563	500,563	<b>500,5</b> 63	500,563	500,563	500,563	5,914,370	
Operating Expenses														
Salaries and wages	84,706	84,706	84,706	84,706	84,706	84,706	84,706	84,706	84,706	84,706	84,706	84,706	1,016,471	
Employee Benefits	22,024	22,024	22,024	22,024	22,024	22,024	22,024	22,024	22,024	22,024	22,024	22,024	264,282	
Contract labor	708	708	708	708	708	708	708	708	708	708	708	708	8,499	
Employee G & A	402	402	402	402	402	402	402	402	402	402	402	402	4,829	
Seminars & Education	81	81	81	81	18	81	81	81	81	81	81	81	966	
Dues, Fees, Subscriptions	560	560	560	560	560	560	560	560	560	560	560	560	6,722	
Travel & Entertainment	912	912	912	912	912	912	912	912	912	912	912	912	10,946	
Office supplies	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908	46,900	
Medical supplies	91,286	91,286	91,286	91,286	91,286	91,286	91,286	91,286	91,286	91,286	91,286	91,286	1,095,436	
Professional fees	8,626	8,626	8,626	8,626	8,626	8,626	8,626	8,626	8,626	8,626	8,626	8,626	103,509	
Medical related fees	9,016	9,016	9,016	9,016	9,016	9,016	9,016	9,016	9,016	9,016	9.016	9.016	108_186	
Leases & Rentals	71,328	71,328	71,328	71,328	71,328	71,328	71,328	71,328	71,328	71,328	71,328	71,328	855,934	
Repairs and maintenance	417	417	417	417	417	417	417	417	417	417	417	417	5,000	
— Utilities	17,340	17,340	17,340	17,340	17,340	17,340	17,340	17,340	17,340	17,340	17,340	17,340	208,080	
nterest	24,387	24,211	24,035	23,859	23,661	23,503	23,324	23,144	22,964	22,783	22,601	22,418	280,911	
tal Operating Expenses	335,700	335,525	335,349	335,172	334,995	334,816	334,637	334,458	334;277	334,096	333,914	333,731	4,016,671	
NET CASH PROFIT	103,273	134,243	165,214	165,391	165,568	165,747	165,925	166,105	166,286	166,467	166,649	166.831	1,897,699	
Less: loan Repayment Less: owner distributions	(42,062)	(42,237)	(42,413)	(42,590)	(42,767)	(42,946)	(43,125)	(43,304)	(43,485)	(43,666)	(43,848)	(44,030)	(516,473	
CASH - ENDING	S 1,129,439	·\$ 1,221,444	S 1,344,245	S: 1,467,046	S 1,589,847	\$ 1,712,648	S 1,835,449	S: 1,958,250	\$ 1,2,081,051	S 2,203,852	S 2,326,653	\$ 2,449,454		

# RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH Building Loan

Loan amount	•	4,341,133
Interest Rate = Prime plus 1%		5.00%
Amortization in months		240

Payment per Period

\$28,649.56

	Payment			
Period	Amount	Interest	Principal	Balance
				\$ 4,341,132.64
1	28,649.56	18,088.05	10,561.51	4,330,571.13
2	28,649.56	18,044.05	10,605.51	4,319,965.62
3	28,649.56	17,999.86	10,649.70	4,309,315.92
4	28,649.56	17,955.48	10,694.08	4,298,621.84
5	28,649.56	17,910.92	10,738.64	4,287,883.20
6	28,649.56	17,866.18	10,783.38	4,277,099.82
7 .	28,649.56	17,821.25	10,828.31	4,266,271.51
8	28,649.56	17,776.13	10,873.43	4,255,398.08
9	28,649.56	17,730.83	10,918.73	4,244,479.35
10	28,649.56	17,685.33	10,964.23	4,233,515.12
11	28,649.56	17,639.65	11,009.91	4,222,505.21
12	28,649.56	17,593.77	11,055.79	4,211,449.42
13	28,649.56	1 <b>7,</b> 547.71	11,101.85	4,200,347.56
14	28,649.56	17,501.45	11,148.11	4,189,199.45
15	28,649.56	17,455.00	11,194.56	4,178,004.89
16	28,649.56	17,408.35	11,241.21	4,166,763.68
17	28,649.56	17,361.52	11,288.04	4,155,475.64
18	28,649.56	17,314.48	11,335.08	4,144,140.56
19	28,649.56	17,267.25	11,382.31	4,132,758.25
20	28,649.56	17,219.83	11,429.73	4,121,328.52
21	28,649.56	17,172.20	11,477.36	4,109,851.16
22	28,649.56	17,124.38	11,525.18	4,098,325.98
23	28,649.56	17,076.36	11,573.20	4,086,752.78
24	28,649.56	17,028.14	11,621.42	4,075,131.36

# RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH Equipment Loan

Loan amount	2,003,000
Interest Rate = Prime plus 1%	5.00%
Amortization in months	60

Payment per Period

\$37,799.08

	Payment			
Period	Amount	Interest	Principal	Balance
,				
				\$ 2,003,000.22
' 1	37,799.08	8,345.83	29,453.25	1,973,546.97
2	37,799.08	8,223.11	29,575.97	1,943,971.00
3	37,799.08	8,099.88	29,699.20	1,914,271.80
4	37,799.08	7,976.13	29,822.95	1,884,448.85
5	37,799.08	7,851.87	29,947.21	1,854,501.64
6	37,799.08	7,727.09	30,071.99	1,824,429.65
7	37,799.08	7,601.79	30,197.29	1,794,232.36
8	37,799.08	7,475.97	30,323.11	1,763,909.25
9	37,799.08	7,349.62	30,449.46	1,733,459.80
10	37,799.08	7,222.75	30,576.33	1,702,883.46
11	37,799.08	7,095.35	30,703.73	1,672,179.73
12	37,799.08	6,967.42	30,831.66	1,641,348.07
13	37,799.08	6,838.95	30,960.13	1,610,387.94
14	37,799.08	6,709.95	31,089.13	1,579,298.81
15	37,799.08	6,580.41	31,218.67	1,548,080.14
16	37,799.08	6,450.33	31,348.75	1,516,731.39
17	37,799.08	6,319.71	31,479.37	1,485,252.03
18	37,799.08	6,188.55	31,610.53	1,453,641.50
19	37,799.08	6,056.84	31,742.24	1,421,899.26
20	37,799.08	5,924.58	31,874.50	1,390,024.76
21	37,799.08	5,791.77	32,007.31	1,358,017.45
22	37,799.08	5,658.41	32,140.67	1,325,876.77
23	37,799.08	5,524.49	32,274.59	1,293,602.18
24	37,799.08	5,390.01	32,409.07	1,261,193.11

## RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH

**Projected Capital Expenditures** 

	Clinical	Non-clinical	Totals
Building			
Preplanning Costs	79,602		79,602
Site Survey and Soil Investigation		20,000	20,000
Site Preparation		300,000	300,000
New Construction Contracts	2,829,994	1,944,800	4,774,794
Contingencies	282,999	194,480	477,479
Architectural/Engineering Fees	311,292	188,452	499,744
Consulting and Other Fees	45,000	5,000	50,000
·	3,548,886	2,652,732	6,201,618
		Cash (30%) =	1,860,485
		Mortgage (70%) =	4,341,133
			6,201,618
<u>Equipment</u>			
Movable or Other Equipment	2,170,959	515,470	2,686,429
Furniture	50,000	125,000	175,000
:	2,220,959	640,470	2,861,429
		Cash (30%) =	858,429
	I	Bank loan (70%) =	2,003,000
			2,861,429
	7	Total cash (30%) =	2,718,914
	Total B	ank loans (70%) =	6,344,133
			9,063,047

## RIVER NORTH CENTER FOR REPRODUCTIVE HEALTH

Ratio Analysis - Year 2

	Ratio	Calculation		Actual	Target
1	Current Ratio	Current Assets / Current Liabilities			
		Current assets Current liabilities	3,200,298 762,947	4.19	> 1.5
2	Net Margin Percentage.	Net Income / Net operating revenue			
		Net Income Net operating revenue	1,546,894 -6,006,755	26%	> 3.5%
3	Debt to Total Capitalization	Long-term debt / (long-term debt + net assets)			
	the control of the co	Long-term debt Long-term debt + Net Assets	5,336,324 11,152,977	48%	< 80%
4	Debt Service Coverage	(Net income + Depreciation + Interest) / (Year of Maximum Principal + Interest)			
	•	Net Income + Depreciation + Interest Annual Principal + Interest	2,270,995 797,384	2.85	> 1.75
5	Days Cash on Hand	Cash / ((Operating Expenses - Depreciation)/365)			
		Cash (Operating Expenses - Depreciation) / 365	2,449,454 10,999	223	> 45 days
6	Cushion Ratio	Cash / (Year of Maximum Principal + Interest)			
		Cash Annual Principal + Interesi	2,449,454 797,384:	3.07	> 3.0

# Section X Economic Feasibility Criterion 1120.140(a) Reasonableness of Financing Arrangements

A letter from River North Center for Reproductive Health certifying the estimated project costs and related costs will be funded in total or in part by borrowing attached at Attachment -37A.

#### [River North Center for Reproductive Health Letterhead]

August 22, 2018

Richard Sewell Vice Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield, Illinois 62761

### Re: Reasonableness of Financing Arrangements

Dear Vice Chair Sewell:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in part by borrowing because 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.

I further certify the pursuant to 77 Ill. Admin Code § 1120.140(b) that the selected form of debt financing for the project will be at the lowest net cost available.

Sincerely,

Manager

River North Surgery Center, LLC

Subscribed and sworn to me

This 9 day of September, 2018

Notary Public

MAUREEN CASEY
Official Seal
Notary Public – State of Illinois
My Commission Expires Feb 14, 2022

# Section X Economic Feasibility Criterion 1120.140(b), Conditions of Debt Financing

A letter from River North Center for Reproductive Health certifying that the selected form of debt financing will be the lowest cost available is attached at Attachment – 37A.

#### Section X Economic Feasibility

## Criterion 1120.140(c), Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department or Service table below sets forth the modernization cost and square footage allocated to each department of the proposed ASTC.

		AND GRO	รร รนบ	ARE FEE	ET BY DE	PARTM	ENT OR SE	RVICE	
	А	В	С	D	E	F	G	Н	
Department (list below)	Cost/Sq New	uare Foot Mod.	Gross New	Sq. Ft. Circ.*	Gross Mod.	Sq. Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	Total Cost (G + H)
Clinical									
ASTC		\$366.20			7,728			\$2,829,994	\$2,829,994
Contingency – Clinical		\$36.62			7,728			\$282,999	\$282,999
Total Clinical		\$402.82			7,728			\$3,112,993	\$3,112,993
Non-Clinical									
Administrative		\$184.69			10,530			\$1,944,800	\$1,944,800
Contingency – Non-Clinical	_	\$18.47			10,530			\$194,480	\$194,480
Total Non- Clinical		\$203.16			10,530			\$2,139,280	\$2,139,280
TOTALS		\$287.67			18,258			\$5,252,273	\$5,252,273

2. As shown in Table 1120.140(c) below, the project costs are below the State Standard.

	Ta!	ole 1120.140(c)	
	Proposed ASTC	State Standard	Above/Below State Standard
Preplanning	\$79,602	1.8% x (Construction + Contingencies + Equipment) = 1.8% x (\$2,829,994 + \$282,999 + \$2,220,959) = 1.8% x \$5,333,952 = \$96,011	Below State Standard
New Construction Costs	\$3,112,993	\$402.81 x 7,881 GSF = \$3,174,546	Below State Standard
Contingencies	\$282,999	10% x Construction Costs = 10% x \$2,829,994 = \$282,999	Meets State Standard

	Tab	le 1120.140(c)	The second of th
	Proposed ASTC	State Standard	Above/Below State Standard
Architectural/ Engineering Fees	\$290,292	6.54% to 9.82% x (Modernization + Contingencies) = 6.54% to 9.82% x (\$2,829,994 + \$282,999) = 6.54% to 9.82% x \$3,112,993 = \$203,590 - \$305,696	Below State Standard
Consulting & Other Fees	\$66,000	No State Standard	No State Standard
Equipment	\$311,110	\$489,744,.71 per procedure room = \$489,744.71 x 4 = \$1,958,979	Below State Standard
Fair Market Value of Leased Space	\$2,638,425	No State Standard	No State Standard
Other Costs to be Capitalized <sup>11</sup>	\$850,000	No State Standard	No State Standard

Attachment - 37

Net book value of equipment to be transferred from medical practice to ambulatory surgical treatment center (\$150,000) and emergency generator (\$700,000).

# Section X Economic Feasibility Criterion 1120.140(d), Projected Operating Costs

Operating Expenses: \$2,423,089

Procedures: 7,367 procedures

Operating Expense per Procedure: \$328.91 per procedure

# Section X Economic Feasibility Criterion 1120.140(e), Total Effect of Project on Capital Costs

Capital Costs:

\$724,101

Procedures (2021):

7,367 procedures

Capital Costs per Procedure: \$98.29 per procedure

#### Section XI, Safety Net Impact Statement

- 1. River North Center for Reproductive Health will not have a material impact on essential safety net services in the community. As documented in the physician referral letters attached at Appendix 1, a majority of the procedures to be performed at River North Center for Reproductive Health are currently performed by FCI physicians in their offices.
- 2. The primary services provided by River North Center for Reproductive Health are family building and medical services that do not closely relate to services provided in a hospital setting. The proposed project does not intersect in any meaningful way with health care services provided by area hospitals.
- 3. This project does not involve the discontinuation of a facility or service. Accordingly, this criterion is not applicable.
- 4. River North Center for Reproductive Health is newly formed entity and has no historical data on Medicaid or charity care. Medicare and Medicaid do not provide reimbursement for fertility treatments, which while not involving the delivery of health care, are lifestyle focused services and not medically necessary services.

## Section XII, Charity Care Information

River North Center for Reproductive Health is newly formed entity and has no historical data on net revenue or charity care. Thus, it cannot report charity care data and has no historical payor mix experience.

## Appendix I - Physician Referral Letter

Attached as Appendix 1 are the physician referral letters projecting 7,367 cases will be referred to River North Center for Reproductive Health after project completion.

# Fertility Centers of Illinois, S.C. River North Center 900 North Kingsbury Street, Suite RW6 Chicago, Illinois 60601

September 24, 2018

Richard H. Sewell Interim Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield, Illinois 62761

Dear Mr. Sewell:

We are board certified physicians in obstetrics and gynecology and a reproductive endocrinologist. We are writing on behalf of our practice, Fertility Centers of Illinois, S.C. ("FCI") in support of River North Center for Reproductive Health's application to establish a limited specialty ambulatory surgical treatment center in Chicago. The proposed surgery center will expand FCI's surgical capabilities by including reproductive endocrinology as well male reproductive health and therapeutic surgical procedures. This also will enhance FCI's center of excellence developed to provide superior infertility solutions and reproductive endocrinology to patients.

Over the past twelve months, FCl performed a total of 7,114 outpatient surgical procedures. Outpatient surgical procedures will constitute the majority of FCl's work in the future. With the opening of the proposed River North Center for Reproductive Health, we expect to refer cases as noted below.

Hospital / Licensed ASTC	Hospital and Licensed ASTC (number of cases) Most recent 12 months	Projected Referrals after Project Completion
Fertility Centers of Illinois	7,114	7,022
Total	7,114	7,022

These referrals have not been used to support another pending or approved certificate of need application. The information in this letter is true and correct to the best of my knowledge.

I support the proposed establishment of River North Center for Reproductive Health.

Sincerely,

2165484.1 Appendix - 1

Mr. Richard H. Sewell September \_\_, 2018 Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed establishment of River North Center for Reproductive Health.

Sincerely,

Brian Kaplan, M.D.

Fertility Centers of Illinois, S.C.

River North Center

900 North Kingsbury Street, Suite RW6

Chicago, Illinois 60601

Subscribed and sworn to me

This 3 day of October , 2018

Notary Public

MAUREEN CASEY Official Seal Notary Public – State of Illinois My Commission Expires Feb 14, 2022



3000 N. Halsted St. Suite 405 || Chicago, Illinois 60657 || P 773.296.7300 || advocatehealth.com

Chicago Urogynecology

September 14, 2018

Richard H. Sewell Interim Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield, Illinois 62761

#### Dear Mr. Sewell:

I am a board certified Obstetrician and Gynccologist with a subspecialty of Female Pelvic Medicine and Reconstructive Surgery with Chicago Urogynecology. I am writing in support of River North Center for Reproductive Health's application to establish a limited specialty ambulatory surgical treatment center in Chicago. Fertility Centers of Illinois, S.C. currently refers approximately 100 to 150 outpatient surgical cases to me annually. With the establishment of River North Center for Reproductive Health, I anticipate approximately 50% of these procedures, which are currently provided at other outpatient surgical facilities would be performed at the proposed surgery center.

Over the past twelve months, I performed a total of 600 outpatient surgical procedures. Outpatient surgical procedures will constitute the majority of my work in the future.

During the past twelve months, I referred cases to the following hospitals and surgery centers. With the opening of the proposed River North Center for Reproductive Health, I expect to refer my cases as noted below.

Hospital / Licensed ASTC	Hospital and Licensed ASTC (number of cases) Most recent 12 months	Projected Referrals after Project Completion
Advocate Illinois Masonic Medical Center	500	250
Louis Weiss Memorial Hospital	40	20
Mercy Medical Center	30	15
Presence Saint Josephe	30_	15
Total	600	300

3000 N. Halsted St. Suite 405 || Chicago, Illinois 60657 || P 773.296.7300 || advocatehealth.com

Chicago Urogynecology

Mr. Richard H. Sewell September 14, 2018 Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed establishment of River North Center for Reproductive Health.

Sincerely.

braham Shashoua, MD

Female Pelvic Medicine and Reconstructive Surgery

Subscribed and sworn to me

This 18 may of DAWARY

DIANE E. LUCIA Official Seal Notary Public-State of Illinois My Commission Expires April 1, 2021 After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

TACHMENT NO.	T. Comments of the comment of the co	PAGES
NO. 1	Applicant Identification including Certificate of Good Standing	24-25
2	Site Ownership	26-38
3	Persons with 5 percent or greater interest in the licensee must be	
	identified with the % of ownership.	39-40
4	Organizational Relationships (Organizational Chart) Certificate of	
. ,	Good Standing Etc.	41-42
5	Flood Plain Requirements	43-44
6	Historic Preservation Act Requirements	45-46
7	Project and Sources of Funds Itemization	
8	Financial Commitment Document if required	
9	Cost Space Requirements	47
10	Discontinuation	
11		49-52
12	Purpose of the Project	53-55
13	Alternatives to the Project	56-58
14	Size of the Project	59
15	Project Service Utilization	60
16	Unfinished or Shell Space	61
17		62
18		
	Service Specific:	
19	Medical Surgical Pediatrics, Obstetrics, ICU	
20	Comprehensive Physical Rehabilitation	
21	Acute Mental Illness	
22		
23	Cardiac Catheterization	
24	In-Center Hemodialysis	
25	Non-Hospital Based Ambulatory Surgery	63-84
26		
27	Kidney Transplantation	
28	Subacute Care Hospital Model	
29	Community-Based Residential Rehabilitation Center	
	Long Term Acute Care Hospital	_
31	Clinical Service Areas Other than Categories of Service	
32	Freestanding Emergency Center Medical Services	
33	Birth Center	
	Financial and Economic Feasibility:	05.00
34	Availability of Funds	85-98
	Financial Waiver	
36	Financial Viability	99-11
37	Economic Feasibility	114-1: 121

Appendix - 1 Physician Referral Letters





150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

January 18, 2019

Anne M. Cooper (312) 873-3606 (312) 819-1910 fax acooper@polsinelli.com

#### FEDERAL EXPRESS

Michael Constantino
Supervisor, Project Review Section
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Application for Permit - River North Center for Reproductive Health

Dear Mr. Constantino:

I am writing on behalf of River North Surgery Center, LLC d/b/a River North Center for Reproductive Health ("Applicant") to submit the attached Application for Permit to establish an Assisted Reproductive Technology ambulatory surgical treatment center in Chicago, Illinois. For your review, I have attached an original and one copy of the following documents:

- 1. Check for \$2,500 for the application processing fee;
- 2. Completed Application for Permit;
- 3. Copies of Certificate of Good Standing for the Applicant;
- 4. Authorization to Access Information; and
- 5. Physician Referral Letters.

Thank you for your time and consideration of Applicant's application for permit. If you have any questions or need any additional information to complete your review of the Applicant's application for permit, please feel free to contact me.

Sincerely,

Anne M. Cooper

au m. Con

Attachments