

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTIONRECEIVED
MAY 06 2020
ILLINOIS HEALTH FACILITIES &
SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Central Illinois Endoscopy Center (Real Estate Only)		
Street Address:	1001 N. Main Street, Suite 500B		
City and Zip Code:	Peoria, IL 61606		
County:	Peoria	Health Service Area:	002 Health Planning Area: 143

Legislators

State Senator Name:	David Koehler
State Representative Name:	Jehan Gordon-Booth

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

Exact Legal Name:	Peoria Illinois Medical Properties, LLC
Street Address:	One Town Center Road, Suite 300
City and Zip Code:	Boca Raton, FL 33486
Name of Registered Agent:	The Corporation Trust Company
Registered Agent Street Address:	1209 Orange Street
Registered Agent City and Zip Code:	Wilmington, DE 19801
Name of Chief Executive Officer:	Albert Rabil, III
CEO Street Address:	One Town Center Road, Suite 300
CEO City and Zip Code:	Boca Raton, FL 33486
CEO Telephone Number:	561-300-6200

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Joe Ourth
Title:	Attorney
Company Name:	Saul Ewing Arnstein & Lehr LLP
Address:	161 N. Clark Street, Suite 4200, Chicago, IL 60601
Telephone Number:	312-876-7815
E-mail Address:	joe.ourth@saul.com
Fax Number:	312-876-6215

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2018-2 Edition

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION**

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Legislators

State Senator Name:	David Koehler
State Representative Name:	Jehan Gordon-Booth

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

Exact Legal Name:	KAREP V MO REIT, LLC
Street Address:	One Town Center Road, Suite 300
City and Zip Code:	Boca Raton, FL 33486
Name of Registered Agent:	The Corporation Trust Company
Registered Agent Street Address:	1209 Orange Street
Registered Agent City and Zip Code:	Wilmington, DE 19801
Name of Chief Executive Officer:	Albert Rabil, III
CEO Street Address:	One Town Center Road, Suite 300
CEO City and Zip Code:	Boca Raton, FL 33486
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|---|--|--------------------------------|
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Legislators

State Senator Name:	David Koehler
State Representative Name:	Jehan Gordon-Booth

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

Exact Legal Name:	GI Realty, LLC
Street Address:	1001 N. Main Street, Suite 500B
City and Zip Code:	Peoria, IL 61606
Name of Registered Agent:	John S. Elias
Registered Agent Street Address:	416 Main Street, Suite 1400
Registered Agent City and Zip Code:	Peoria, IL 61602
Name of Chief Executive Officer:	Kenneth B. Camacho, MD
CEO Street Address:	1001 N. Main Street, Suite 500B
CEO City and Zip Code:	Peoria, IL 61606
CEO Telephone Number:	

Type of Ownership of Applicants

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

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Additional Contact [Person who is also authorized to discuss the Application]

Name:
Title:
Company Name:
Address:
Telephone Number:
E-mail Address:
Fax Number:

Post Exemption Contact

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

Name:	Gregg Graines
Title:	General Counsel & Senior Vice President
Company Name:	MBRE Healthcare
Address:	181 W. Madison, Suite 4700, Chicago, IL 60602
Telephone Number:	312-487-5960
E-mail Address:	ggraines@mbres.com
Fax Number:	312-807-3853

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Peoria Illinois Medical Properties, LLC
Address of Site Owner:	One Town Center Road, Suite 300, Boca Raton, FL 33486
Street Address or Legal Description of the Site:	Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee after the Project is Complete

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

Exact Legal Name:	Central Illinois Endoscopy Center, LLC	
Address:	1001 N. Main Street, Peoria, IL 61606	
☐ Non-profit Corporation ☐ For-profit Corporation ☒ Limited Liability Company	☐ Partnership ☐ Governmental ☐ Sole Proprietorship	☐ Other
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. - Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.		
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

Organizational Relationships

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

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

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. 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.

Central Illinois Endoscopy Center, LLC (the "License Holder") operates Central Illinois Endoscopy Center, an ambulatory surgical treatment center, within a medical office building located at 1001 Main Street in Peoria (the "Building"). The Building is presently under a business condominium ownership structure with multiple owners owning different sections of the Building. GI Realty, LLC (the "Existing Owner") presently owns Suites 5A and 5B (the "Suites"), which is essentially the fifth floor of the Building. The Suites comprise approximately 21,172 square feet. The License Holder leases the two Suites and uses 7,510 sf of the Suites for the licensed surgery center. The proposed transaction would involve the new owner acquiring most or much of the building from different owners at an allocated price of approximately \$356.30/square foot. The purchase price attributable licensed space would be $\$356.30 \times 7,510 = \$2,675,813$.

This application for a certificate of exemption is for the change in ownership of the physical plant only and there is no change to the ownership or operation of the facility. The License Holder is not party to the proposed transaction.

The Existing Owner has executed a Purchase and Sale Agreement dated December 19, 2018 to sell the Property, through assignment, to Peoria Illinois Medical Properties, LLC (the "New Owner"). The purchase agreement for the Property is subject to the approval of a COE by the Review Board. The Property will be conveyed to the New Owner through a special warranty deed which will be recorded with the Peoria County Recorder's Office. The New Owner is controlled by and majority owned by KAREP V MO REIT, LLC, a real estate investment trust (REIT) focused on investing in health care real estate.

The acquisition of the Suites by the New Owner is not expected to result in any changes in the operations of the License Holder or the activities or operations conducted in the Lease Space.

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Related Project Costs

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

Land acquisition is related to project	☐ Yes	☒ No
Purchase Price: (condo units only_		
Fair Market Value:		

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes ___ No X. If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

Anticipated exemption completion date (refer to Part 1130.570): June 1, 2020

State Agency Submittals *NA / Real Estate Only*

Are the following submittals up to date as applicable:

- ☐ Cancer Registry
- ☐ APORS
- ☐ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
- ☐ All reports regarding outstanding permits

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

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CERTIFICATION

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

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

This Application is filed on the behalf of *Peoria Illinois Medical Properties, 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.

Peter Westmeyer
SIGNATURE

Peter Westmeyer
PRINTED NAME

Authorized Signatory
PRINTED TITLE

Gress Gano
SIGNATURE

Gress Gano
PRINTED NAME

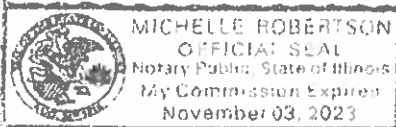
Authorized Signatory
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 22 day of April 2020

Michelle Robertson
Signature of Notary

Seal



Notarization:

Subscribed and sworn to before me
this 24 day of April

Michelle Robertson
Signature of Notary



*Insert the EXACT legal name of the applicant

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

This Application is filed on the behalf of **KAREP V MO REIT, LLC ***

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

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 15 day of APRIL, 2020

Signature of Notary

Seal



JESSICA FRENCH
Commission # GG 963085
Expires March 19, 2024
Bonded Three Budget Notary Services

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 15 day of APRIL, 2020

Signature of Notary

Seal



JESSICA FRENCH
Commission # GG 963085
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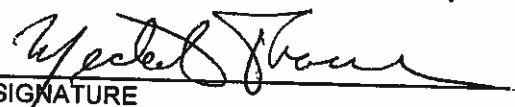
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- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of *GI Realty, LLC**

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


SIGNATURE

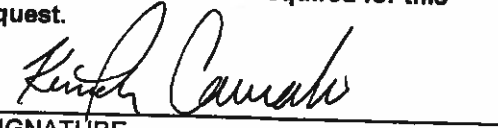
MICHAEL TREAVOR
PRINTED NAME

GI Realty BOARD
PRINTED TITLE

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

Signature of Notary

Seal


SIGNATURE

Kenneth Camacho
PRINTED NAME

President GI Realty
PRINTED TITLE

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

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

SECTION II. BACKGROUND.

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
4. 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.**
5. If, during a given calendar year, an applicant submits more than one Application, 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 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

SECTION III. CHANGE OF OWNERSHIP (CHOW)**Transaction Type. Check the Following that Applies to the Transaction:**

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

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

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

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X
1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X

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1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(8) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

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

SECTION IV.CHARITY CARE INFORMATION

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

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

A table in the following format must be provided for all facilities as part of Attachment 7.

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

APPEND DOCUMENTATION AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

INDEX OF ATTACHMENTS			
ATTACHMENT NO.			PAGES
1	Applicant Identification including Certificate of Good Standing		17-20
2	Site Ownership		21
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.		22
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.		23-25
5	Background of the Applicant		26
6	Change of Ownership		27-30
7	Charity Care Information		31

Section I, Identification, General Information and Certification**Attachment 1, Type of Ownership of Applicants**

An organizational chart showing the current corporate structure of the Applicants along with the post-closing ownership structure of the Applicants is included in Attachment 4. Good standing certificates for the Applicants are also attached:

1. Central Illinois Endoscopy Center, LLC (the "Endoscopy Center"): the Endoscopy Center is an Illinois limited liability company and is the licensed operator of Central Illinois Endoscopy Center (the name of the center, "Endoscopy Center"). The Endoscopy Center leases space within a medical office building for its surgery center. The Endoscopy Center is not a party to the transaction involving the realty, and is included for informational purposes, but not as an applicant.
2. GI Realty, LLC: is an Illinois limited liability company and the current owner of two suites within the medical office building in which the Endoscopy Center is located. GI Realty, LLC is owned by seven various investors, none with a controlling interest. An Illinois Certificate of Good Standing is being applied for and will be sent separately.
3. Peoria Illinois Medical Properties, LLC ("Medical Properties"): is a Delaware limited liability company and will be the entity that will hold title to the real property under the proposed transaction. An Illinois Certificate of Good Standing is included.
4. KAREP V MO REIT, LLC ("KAREP"): KAREP is a Delaware limited liability company. KAREP is a real estate investment trust and is the controlling entity of Peoria Illinois Medical Properties, LLC and is consequently included as a co-applicant. Because KAREP performs no operations in Illinois, it is not required to obtain authorization to do business in Illinois, but a Delaware Certificate of Good Standing is included.

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "PEORIA ILLINOIS MEDICAL PROPERTIES, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF SEPTEMBER, A.D. 2019.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "PEORIA ILLINOIS MEDICAL PROPERTIES, LLC" WAS FORMED ON THE SIXTH DAY OF SEPTEMBER, A.D. 2019.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



7594230 8300

SR# 20196907053

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 203544904

Date: 09-06-19

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "PEORIA 1001 MEDICAL PROPERTIES, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTEENTH DAY OF APRIL, A.D. 2020.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "PEORIA 1001 MEDICAL PROPERTIES, LLC" WAS FORMED ON THE FIRST DAY OF APRIL, A.D. 2020.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



7921351 8300

SR# 20202870273

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 202776848

Date: 04-16-20

File Number

0799970-4



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

PEORIA ILLINOIS MEDICAL PROPERTIES, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON SEPTEMBER 06, 2019, 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 5TH
day of MAY A.D. 2020 .***

Jesse White

SECRETARY OF STATE

Authentication #: 2012602770 verifiable until 05/05/2021
Authenticate at: <http://www.cyberdriveillinois.com>

Section I, Identification, General Information and Certification

Attachment 2, Site Ownership

The Central Illinois Endoscopy Center, LLC is a tenant in suites 5A and 5B (the "Suites") in a condominium office building at 1001 Main Street, Peoria, IL 61606. There should be no change in the endoscopy center operations as a result of this transaction. The transaction is for the sale of the realty only. The Suites are presently owned by GI Realty, LLC. In this proposed transaction the underlying real property will be sold to Peoria Illinois Medical Properties, LLC. The property will be managed by MB Real Estate Services, Inc.

Section I, Identification, General Information and Certification

Attachment 3, Operating Identity/Licensee

Central Illinois Endoscopy Center, LLC will continue to be the licensed entity operating the facility.

Central Illinois Endoscopy Center, LLC is an Illinois limited liability company.

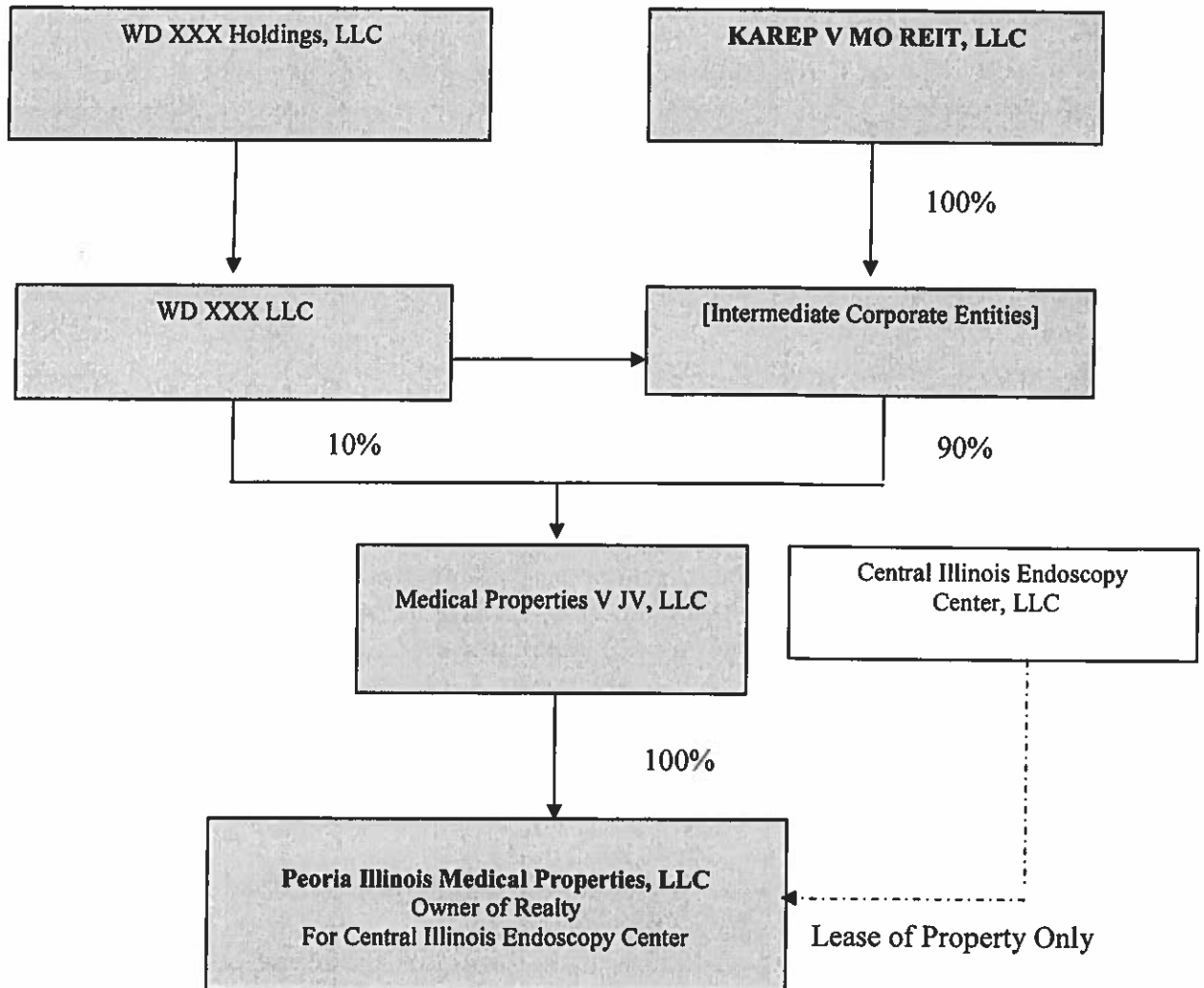
An organizational chart showing the current ownership structure of the realty companies is included in Attachment 4. There should be no change in the licensee's structure as a result of this transaction.

Section I, Identification, General Information and Certification

Attachment 4, Organizational Relationships

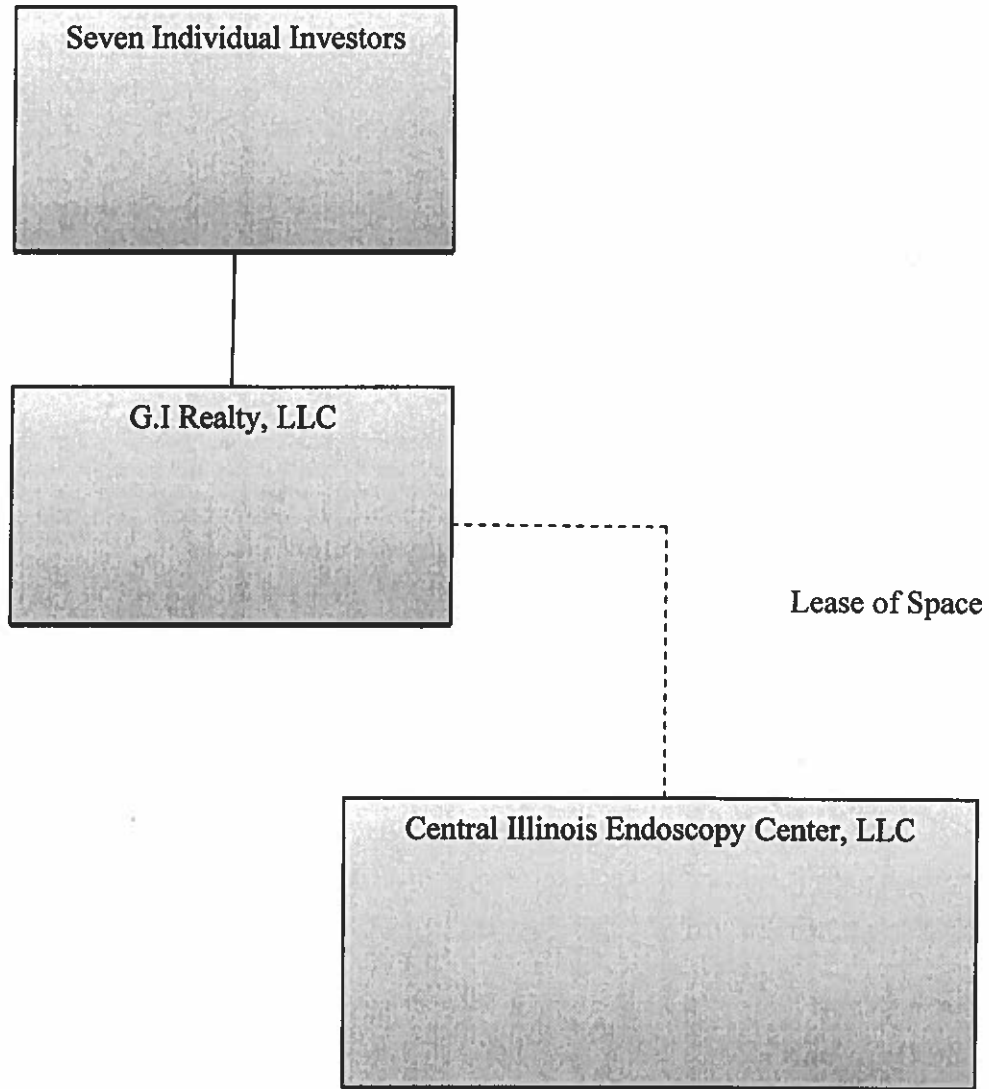
Post Closing Organizational Chart

**1001 Main Street, Peoria
(The Central Illinois Endoscopy Center)
Realty Only**



Bold names denote necessary applicants

**Peoria Medical Properties, LLC
Real Estate Change of Ownership
Pre-Transaction**



Section II, Background

Attachment 5, Background

1. **A listing of all health care facilities owned or operated by the Applicant, including licensing, and certificate if applicable.**

The Applicants operate no health facilities.

2. **A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health facility.**

None.

3. **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.**

By their signatures on the Certification pages to this application, each of the Applicants attest that to the best of their knowledge no adverse action has been taken against any health facility owned and/or operated by them during the three (3) years prior to the filing of this application.

4. **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.**

By their signatures to the Certification pages to this application, each of the Applicants authorize HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: (i) official records of DPH or other State agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

Section III, Change of Ownership**Attachment 6, Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility****Section 1130.520, Information Requirements for Change of Ownership of a Health Care Facility****1. 1130.520(b)(1)(A), Names of Parties:**

An organizational chart showing the current corporate structure of the entities listed as b through d below (the “Applicants”) and the endoscopy center, along with the post-closing ownership structure of the Applicants is included in Attachment 4. Good standing certificates for the Applicants are also included

- a. Central Illinois Endoscopy Center, LLC (the “Endoscopy Center”): The Endoscopy Center is an Illinois limited liability company and is the licensed operator of the Central Illinois Endoscopy Center, which leases space within a medical office building for its endoscopy center. There is no change in any operations at the Endoscopy Center as a result of this transaction. The Endoscopy Center is not a party to the transaction involving the realty, and is included for informational purposes, but not as an applicant.
 - b. GI Realty, LLC: GI Realty, LLC is an Illinois limited liability company and the current owner of suites 5A and 5 B of the medical office building in which the Endoscopy Center is located.
 - c. Peoria Illinois Medical Properties, LLC (“Medical Properties”): Medical Properties is a Delaware limited liability company and will be the entity that will hold title to the real property under the proposed transaction. An Illinois certificate authorizing Medical Properties to do business in Illinois is included.
 - d. KAREP V MO, LLC REIT, LLC (“KAREP”): KAREP is a Delaware limited liability company. KAREP is a real estate investment trust and is the controlling entity of Medical Properties and is consequently included as a co-applicant. Because KAREP performs no operations in Illinois, it is not required to obtain authorization to do business in Illinois, therefore an Illinois Certificate of Good Standing for a foreign limited liability company is not applicable, but a Delaware Certificate of Good Standing is included.
2. **1130.520(b)(1)(B), Background of Parties:** Each of the Applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able and have

the qualifications, background and character to adequately provide a proper standard of health service for the community.

By their signatures on the Certification pages to this application, each of the Applicants attest that to the best of their knowledge no adverse action has been taken against any health facility owned and/or operated by each of them during the three (3) years prior to the filing of this application.

3. **1130.520(b)(1)(C), Structure of the Transaction:**

Central Illinois Endoscopy Center, LLC (the "License Holder") operates Central Illinois Endoscopy Center, an ambulatory surgical treatment center, within a medical office building located at 1001 Main Street in Peoria (the "Building"). The Building is presently under a business condominium ownership structure with multiple owners owning different sections of the Building. GI Realty, LLC (the "Existing Owner") presently owns Suites 5A and 5B (the "Suites"), which is essentially the fifth floor of the Building. The Suites comprise approximately 21,172 square feet. The License Holder leases the two Suites and uses 7,510 sf of the Suites for the licensed surgery center. The proposed transaction would involve the new owner acquiring most or much of the building from different owners at an allocated price of approximately \$356.30/square foot. The purchase price attributable licensed space would be $\$356.30 \times 7,510 = \$2,675,813$.

This application for a certificate of exemption is for the change in ownership of the physical plant only and there is no change to the ownership or operation of the facility. The License Holder is not party to the proposed transaction.

The Existing Owner has executed a Purchase and Sale Agreement dated December 19, 2018 to sell the Property, through assignment, to Peoria Illinois Medical Properties, LLC (the "New Owner"). The purchase agreement for the Property is subject to the approval of a COE by the Review Board. The Property will be conveyed to the New Owner through a special warranty deed which will be recorded with the Peoria County Recorder's Office. The New Owner is controlled by and majority owned by KAREP V MO REIT, LLC, a real estate investment trust (REIT) focused on investing in health care real estate.

The acquisition of the Suites by the New Owner is not expected to result in any changes in the operations of the License Holder or the activities or operations conducted in the Lease Space.

4. **1130.520(b)(1)(D), Name of Licensed Entity after Transaction:** Central Illinois Endoscopy Center, LLC will continue to be the licensed entity after the Proposed Transaction. There is no change in the licensed entity as a consequence of the Proposed Transaction.

5. **1130.520(b)(1)(E), List of Ownership/Membership Interests in Licensed Entity Prior to and After Transaction:** An organizational chart showing the current ownership structure of the Applicants, along with the post-closing ownership structure, is included in Attachment 4. Good standing certificates for each of the Applicants are included in Attachment 1.
6. **1130.520(b)(1)(F), Fair Market Value of Assets to be Transferred:** The purchase price allocated for the Suites, 21,172 square feet, is approximately \$7,535,032. The fair market value of the licensed surgery center space would be approximately \$2,675,813. The transaction is among unrelated parties and the purchase price is the fair market value.
7. **1130.520(b)(1)(G), Purchase Price or Other Forms of Consideration to be Provided:** The purchase price allocated for the licensed surgical center space is approximately \$2,675,813.
8. **1130.520(b)(2), Affirmations:** In accordance with 77 Ill. Adm. Code §1130.520, each of the Applicants affirm the following:
 - a. The transaction documents contain a provision that closing is subject to COE approvals.
 - b. No adverse action has been taken against any of the Applicants by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by any of the Applicants, directly or indirectly, within the past three years.
 - c. Any projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Adm. Code §1130.520.
 - d. The Applicants understand that failure to complete the transaction in accordance with the applicable provisions of Section 1130.500(d) no later than 24 months from the date of exemption approval and failure to comply with the material change requirements of this Section will invalidate the exemption.
9. **1130.520(b)(4), Statement as to the Anticipated Benefits of the Proposed Changes in Ownership to the Community.**

There should be no change in the operation of the Applicant facility as a result of the proposed transaction.

10. **1130.520(b)(5), Statement as to the Anticipated or Potential Cost Savings, if any, That Will Result for the Community and the Facility as a Result of the Change in Ownership.**

There should be no change in the operation of the Applicant facility as a result of the proposed transaction.

11. **1130.520(b)(6), Description of the Facility's Quality Improvement Program Mechanism that will be Utilized to Assure Quality Control.**

There should be no change in the operation of the facility as a result of the proposed transaction.

12. **1130.520(b)(2), Description of the applicants' organizational structure, including a listing of controlling or subsidiary persons.**

Diagrams illustrating the ownership structure, both current and post transaction, are provided in Attachment 4.

13. **1130.520(b)(7), Description of the selection process that the acquiring entity will use to select the facility's governing body.**

There should be no change in the process for selecting the governing board of the facility as a result of the proposed transaction.

14. **1130.520(b)(9), Description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months after acquisition.**

To the best of the Applicants' knowledge there are no proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months as a result of the transaction.

Section IV, Charity Care Information**Attachment 7, Charity Care Information**

CHARITY CARE			
	2016	2017	2018
Net Patient Revenue	N/A	N/A	N/A
Amount of Charity Care (charges)	N/A	N/A	N/A
Cost of Charity Care	N/A	N/A	N/A

This transaction is for the realty only and does not involve the licensed entity.