

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	BJC HealthCare Edwardsville Medical Clinics Building		
Street Address:	2122 Troy Road		
City and Zip Code:	Edwardsville, IL 62025		
County:	Madison	Health Service Area:	XI Health Planning Area: F-01

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

Exact Legal Name:	Progress East HealthCare Center
Street Address:	4901 Forest Park Avenue, Suite 1200
City and Zip Code:	St. Louis, MO 63108
Name of Registered Agent:	Illinois Corporate Service
Registered Agent Street Address:	801 Adlai Stevenson Drive
Registered Agent City and Zip Code:	Springfield, IL 62703
Name of Chief Executive Officer:	Richard J. Liekweg
CEO Street Address:	4901 Forest Park Avenue, Suite 1200
CEO City and Zip Code:	St. Louis, MO 63108
CEO Telephone Number:	314/286-2030

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

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

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	BJC HealthCare Edwardsville Medical Clinics Building		
Street Address:	2122 Troy Road		
City and Zip Code:	Edwardsville, IL 62025		
County:	Madison	Health Service Area:	XI Health Planning Area: F-01

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

Exact Legal Name:	BJC Health System d/b/a BJC HealthCare
Street Address:	4901 Forest Park Avenue, Suite 1200
City and Zip Code:	St. Louis, MO 63108
Name of Registered Agent:	CSC-Lawyers Incorporating Service Company
Registered Agent Street Address:	2210 Bolivar Street
Registered Agent City and Zip Code:	Jefferson City, MO 65101
Name of Chief Executive Officer:	Richard J. Liekweg
CEO Street Address:	4901 Forest Park Avenue, Suite 1200
CEO City and Zip Code:	St. Louis, MO 63108
CEO Telephone Number:	314/286-2030

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

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

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

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:	Greg Bratcher
Title:	Director of Public Policy
Company Name:	BJC HealthCare
Address:	4901 Forest Park Avenue St. Louis, MO 63108
Telephone Number:	314/323-1231
E-mail Address:	gregory.bratcher@bjc.org
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Progress East HealthCare Center
Address of Site Owner:	4901 Forest Park Avenue St. Louis, MO 63108
Street Address or Legal Description of the Site:	2122 Troy Road Edwardsville, IL 62025
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT 2 , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name:	Progress East HealthCare Center		
Address:	4901 Forest Park Avenue St. Louis, MO 63108		
<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
<input type="checkbox"/>	Other		
<ul style="list-style-type: none"> Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 			
APPEND DOCUMENTATION AS ATTACHMENT 3 , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>). **NOTE: A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM** has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification :

☐ Substantive☒ Non-substantive

2. Narrative Description

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

The applicants propose the establishment of a medical clinics building ("MCB") through the renovation of a former retail store that it acquired in Edwardsville, Illinois in late 2020.

The applicants are BJC HealthCare ("BJC") and its subsidiary Progress East HealthCare Center ("Progress East"). BJC, a Missouri not-for-profit corporation, owns and operates a number of hospitals in western Illinois, and Progress East is an Illinois not-for-profit corporation, owning real estate in Illinois.

The proposed MCB will house satellite offices of Fairview Heights Medical Group, as well as space to be leased by St. Louis Children's Hospital. Among the specialties to be provided by the two medical groups in the MCB will be: pediatrics, orthopedics, pain management, primary care, sports medicine, sleep medicine and endocrinology. In addition to physicians' offices, the MCB will have a general radiology unit and a laboratory. In total, 48 exam rooms will be provided. Within a year of the MCB's opening, it is anticipated that approximately 60 physicians and advanced practice nurses will be officed on either a full-time or part-time basis in the MCB, providing approximately 96,000 annual patient visits.

The proposed project is "non-substantive", because the MCB will not be an IDPH-licensed health care facility, no inpatient services will be provided, and no HFSRB-designated "categories of service" will be provided. A Certificate of Need Permit is required solely because the capital cost of the proposed project exceeds the HFSRB's threshold for projects where a hospital or health system is named as an applicant.

PROJECT COSTS and
SOURCES OF FUNDS

	Reviewable	Non-Reviewable	Total
Project Cost:			
Preplanning Costs	\$ 5,000	\$ 250,000	\$ 255,000
Site Survey and Soil Investigation			
Site Preparation	\$ 20,000	\$ 535,000	\$ 555,000
Off Site Work			
New Construction Contracts	\$ 403,200	\$ 12,996,665	\$ 13,399,865
Modernization Contracts			
Contingencies	\$ 23,040	\$ 1,091,900	\$ 1,114,940
Architectural/Engineering Fees	\$ 35,000	\$ 935,000	\$ 970,000
Consulting and Other Fees	\$ 27,000	\$ 243,000	\$ 270,000
Movable and Other Equipment	\$ 650,000	\$ 1,235,000	\$ 1,885,000
Bond Issuance expense (project related)			
Fair Market Value of Leased Space			
Fair Market Value of Leased Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property	\$ 65,000	\$ 3,060,000	\$ 3,125,000
TOTAL USES OF FUNDS	\$ 1,228,240	\$ 20,346,565	\$ 21,574,805
Sources of Funds:			
Cash and Securities	\$ 1,163,240	\$ 17,286,565	\$ 18,449,805
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Value of Acquired Building	\$ 65,000	\$ 3,060,000	\$ 3,125,000
TOTAL SOURCES OF FUNDS	\$ 1,228,240	\$ 20,346,565	\$ 21,574,805

Related Project Costs

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

Land acquisition is related to project <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Purchase Price: \$ <u>2,375,000</u> Fair Market Value: \$ <u>2,375,000</u>
The project involves the establishment of a new facility or a new category of service <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100. Estimated start-up costs and operating deficit cost is \$ _____.

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

<input type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input checked="" type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>March 31, 2022</u>
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies <input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?

<input checked="" type="checkbox"/> Cancer Registry <input checked="" type="checkbox"/> APORS <input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted <input checked="" type="checkbox"/> All reports regarding outstanding permits Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

Not Applicable

FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:		From:		to:	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

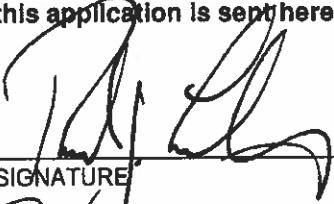
CERTIFICATION

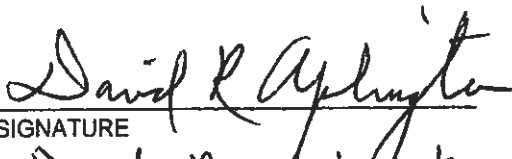
The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- 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 **Progress East HealthCare Center** * In accordance with the requirements and procedures of the Illinois Health

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


 SIGNATURE
Richard J. Liekweg
 PRINTED NAME
President
 PRINTED TITLE


 SIGNATURE
David R. Applington
 PRINTED NAME
Secretary
 PRINTED TITLE

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

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

 Signature of Notary

Seal

 Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

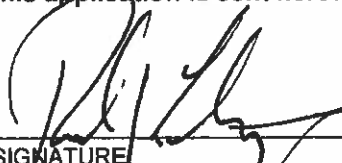
CERTIFICATION


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

- 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 **BJC Health System d/b/a BJC**

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


 SIGNATURE
 Richard J. Liekweg
 PRINTED NAME
 President & CEO
 PRINTED TITLE


 SIGNATURE
 David R. Apleington
 PRINTED NAME
 Secretary
 PRINTED TITLE

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

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

 Signature of Notary

 Signature of Notary

Seal

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

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. For the following questions, 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.
 - a. 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.
 - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
 - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
 - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
 - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
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 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 can 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**

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

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

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

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-8) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

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

Alternative options **must** include:

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

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

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

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

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

not applicable, no shell space included in project

Provide the following information:

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

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

ASSURANCES:

not applicable, no shell space included in project

Submit the following:

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

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

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

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

Service	# Existing Key Rooms	# Proposed Key Rooms
<input type="checkbox"/> General Radiology	n/a	1
<input type="checkbox"/> Laboratory	n/a	1
<input type="checkbox"/>		

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 30</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

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

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

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]:

not applicable, proof of "A" bond rating provided

	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	<p>b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p>
	<p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts;</p>
	<p>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:</p> <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
	<p>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;</p>
	<p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p>

_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT 33, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. 1120.130 - FINANCIAL VIABILITY

not applicable, proof of "A" bond rating provided

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 34, 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 35, 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**not applicable, proof of "A" bond rating provided**

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

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

B. Conditions of Debt Financing**not applicable, financing through cash & securities**

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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 ATTACHMENT 36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. SAFETY NET IMPACT STATEMENT

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

not applicable, non-substantive project

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 37.

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

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

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 **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 39.

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


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

SECTION XI -SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is located in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant: see page 1
2. Project Location:
see page 1
3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (<https://msc.fema.gov/portal/home>) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the **Go To NFHL Viewer** tab above the map. You can print a copy of the floodplain map by selecting the



icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA:

Yes ___ No ___

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN?

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.

If the determination is being made by a local official, please complete the following:

FIRM Panel Number: _____ Effective Date: _____

Name of Official: _____ Title: _____

Business/Agency: _____ Address: _____

(City)

(State)

(ZIP Code)

(Telephone Number)

Signature: _____ Date: _____

NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

File Number

6580-322-4



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

PROGRESS EAST HEALTHCARE CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 26, 2007, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 9TH day of MARCH A.D. 2021 .

Jesse White

ATTACHMENT 1
SECRETARY OF STATE

STATE OF MISSOURI



John R. Ashcroft
Secretary of State

CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

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

BJC HEALTH SYSTEM
N00045883

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

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 6th day of April, 2020.


Secretary of State



Certification Number: CERT-04062020-0221

ATTACHMENT 1

SITE OWNERSHIP

With the signatures provided on the Certification pages of this Certificate of Need ("CON") application, the applicants attest that the site of the proposed project is owned by Progress East HealthCare Center.

File Number

6580-322-4



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

PROGRESS EAST HEALTHCARE CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 26, 2007, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

33



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 9TH
day of MARCH A.D. 2021 .***

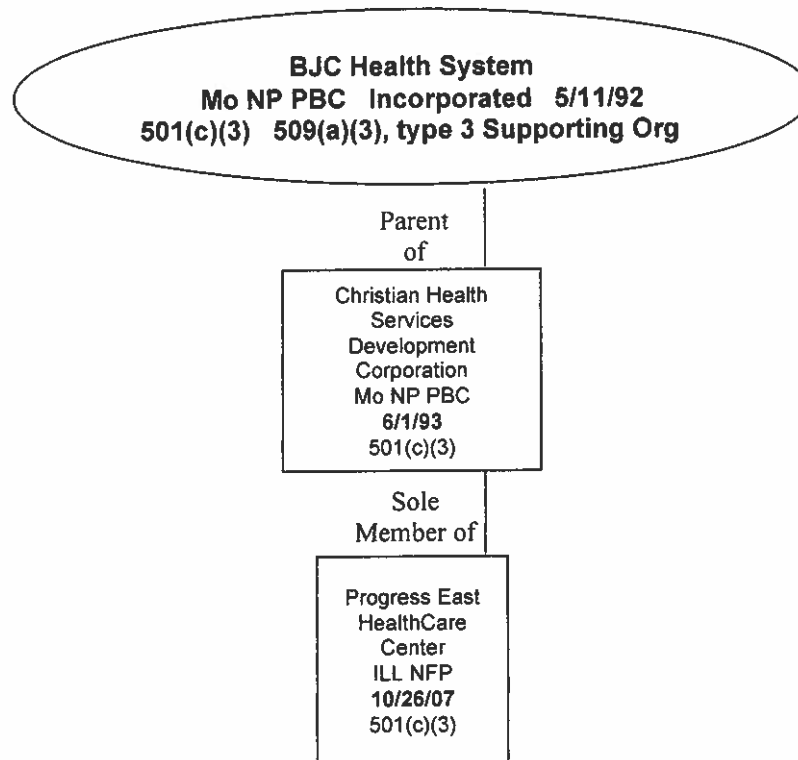
Jesse White

SECRETARY OF STATE ATTACHMENT 3

Authentication #: 2106803630 verifiable until 03/09/2022

Authenticate at: <http://www.cyberdriveillinois.com>

30

Progress East Healthcare Center

FLOOD PLAIN REQUIREMENTS

With the signatures provided on the Certification pages of this Certificate of Need application, the applicants confirm that the project addressed through this Certificate of Need application, and located at 2122 Troy Road in Edwardsville, complies with the requirements of Executive Order #2006-5. A map confirming such, and provided by FEMA is attached.



FEMA Flood Map Service Center: Search By Address

Navigation

Search

Languages

MSC Home (/portal/)

MSC Search by Address
(/portal/search)

MSC Search All Products
(/portal/advanceSearch)

▼ MSC Products and Tools
(/portal/resources/productsandtools)

Hazus
(/portal/resources/hazus)

LOMC Batch Files
(/portal/resources/lomc)

Product Availability
(/portal/productAvailability)

MSC Frequently Asked
Questions (FAQs)
(/portal/resources/faq)

MSC Email Subscriptions
(/portal/subscriptionHome)

Contact MSC Help
(/portal/resources/contact)

Enter an address, place, or coordinates: ?

2122 Troy Road Edwardsville, IL 62025

Search

Whether you are in a high risk zone or not, you may need [flood insurance \(https://www.fema.gov/national-flood-insurance-program\)](https://www.fema.gov/national-flood-insurance-program) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than \$400 per year. Call your insurance agent today and protect what you've built.

Learn more about [steps you can take \(https://www.fema.gov/what-mitigation\)](https://www.fema.gov/what-mitigation) to reduce flood risk damage.

Search Results—Products for EDWARDSVILLE, CITY OF

Show ALL Products » (<https://msc.fema.gov/portal/availabilitySearch?addcommunity=170441&communityName=EDW>)

The flood map for the selected area is number **1704410001C**, effective on **01/18/1984** ?

MAP IMAGE



(<https://msc.fema.gov/portal/viewProduct?productID=1704410001C>)



(<https://msc.fema.gov/portal/downloadProduct?>

[filepath=/17/P/Firm/1704410001C.tif&productTypeID=FINAL_PRODUCT&productSubTypeID=FIRM_PANEL&](https://msc.fema.gov/portal/downloadProduct?filepath=/17/P/Firm/1704410001C.tif&productTypeID=FINAL_PRODUCT&productSubTypeID=FIRM_PANEL&)

Changes to this FIRM ?

Revisions (0)
Amendments (26)
Revalidations (0)

You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette. If you are a person with a disability, are blind, or have low vision, and need assistance, please contact a map specialist (<https://msc.fema.gov/portal/resources/contact>).



33

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

March 15, 2021

Robert F. Appleman
Deputy State Historic Preservation Officer
Illinois Historic Preservation Agency
1 Old State Capitol Plaza
Springfield, IL 62701-1507

RE: BJC HealthCare Edwardsville Medical Clinics Building
2021 Troy Road Edwardsville, IL
Modernization Program

Dear Mr. Appleman:

I am in the process of developing a Certificate of Need application, to be filed with the Illinois Health Facilities Services and Review Board, and I am in need of a determination of applicability from your agency.

The renovation of a vacant retail store, for use as a medical clinics building. The space, which is a portion of a small shopping center which appears to have been constructed during the 1990s, consists of approximately of approximately 56,000 square feet.

The building is surrounded by other retail buildings and a residential area, and I do not believe there to be any structures of historical significance in the vicinity.

I have enclosed maps of the site and a photograph for your review.

A letter from your office, confirming that the Preservation Act is not applicable to this project would be greatly appreciated.

Should you have any questions, I may be reached at the phone number below.

Sincerely,



Jacob M. Axel
President

enclosures (photograph and maps)

ATTACHMENT 6

PROJECT COSTS and
SOURCES OF FUNDS

Project Costs:

Preplanning Costs

		\$ 255,000
evaluation of location alternatives	\$ 130,000	
project scope assessment	\$ 50,000	
feasibility assessment	\$ 50,000	
misc./other	\$ 25,000	

Site Preparation

		\$ 555,000
parking improvements	\$ 350,000	
exterior signage & lighting	\$ 65,000	
curb cuts & walkways	\$ 40,000	
misc./other	\$ 100,000	

Moderization contracts

		\$ 13,399,865
see ATTACHMENT 39C		

Contingencies

		\$ 1,114,940
see ATTACHMENT 39C		

Architectural & Engineering Fees

		\$ 970,000
assessment of alternatives	\$ 30,000	
design services	\$ 820,000	
specification prep	\$ 50,000	
governmental agency interaction	\$ 10,000	
inspections & supervision	\$ 20,000	
reimburseables	\$ 20,000	
misc./other	\$ 20,000	

Consulting and Other Fees

		\$ 270,000
CON and permit-related	\$ 70,000	
project management	\$ 40,000	
permitting & govermental dealings	\$ 30,000	
interior design/furniture selection	\$ 20,000	
equipment planning	\$ 25,000	
legal services	\$ 25,000	
insurance	\$ 10,000	
misc./other	\$ 50,000	

Movable and Other Equipment

		\$ 1,885,000
imaging	\$ 475,000	
lab	\$ 175,000	
physicians' offices	\$ 1,000,000	
lobby/public	\$ 85,000	
misc./other	\$ 150,000	

PROJECT COSTS and
SOURCES OF FUNDS

Acquisition of Building \$ 3,125,000

PROJECT TOTAL \$ 21,574,805

Sources of Funds

Cash and Securities \$ 18,449,805

Value of Acquired Building \$ 3,125,000

\$ 21,574,805

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$ (A x C)	Modernization \$ (B x E)	Costs (G + H)
	New	Mod.	New	Mod.	Circ.	Mod.			
Reviewable									
General Radiology	\$ 350.00		852				\$ 298,200		\$ 298,200
Laboratory	\$ 350.00		300				\$ 105,000		\$ 105,000
Contingency	\$ 20.00						\$ 23,040		\$ 23,040
Total	\$ 370.00		1,152				\$ 426,240		\$ 426,240
Non-Reviewable									
Physicians' Offices	\$ 320.00		33,613				\$ 10,756,160		\$ 10,756,160
Available for Lease	\$ 75.00		16,971				\$ 1,272,825		\$ 1,272,825
Public Areas	\$ 280.00		2,716				\$ 760,480		\$ 760,480
Support & Mechanical	\$ 160.00		1,295				\$ 207,200		\$ 207,200
Contingency	\$ 20.00						\$ 1,091,900		\$ 1,091,900
Total			54,595				\$ 14,088,565		\$ 14,088,565
PROJECT TOTAL	\$ 260.37		55,747				\$ 14,514,805		\$ 14,514,805

37

BACKGROUND OF THE APPLICANT

Applicant BJC HealthCare maintains “ultimate control” of three hospitals in Illinois:

- Memorial Hospital, located in Belleville
- Memorial Hospital-East, located in Shiloh
- Alton Memorial Hospital, located in Alton

In accordance with Review Criterion 1130.520.b.3, Background of the Applicant, and with the signatures placed on the Certification page of this Certificate of Need application for BJC Health System d/b/a BJC HealthCare, the applicants assure the Illinois Health Facilities and Services Review Board that:

Neither BJC HealthCare nor any subsidiary entity has had any adverse actions against it during the three (3) year period prior to the filing of this application.

BJC HealthCare authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1130.520.b.3 or to obtain any documentation or information which the State Board or Agency finds pertinent to this Certificate of Need application.

An IDPH licensed health care facility is not named as an applicant, and as such proof of licensure and accreditation are not applicable.

PURPOSE OF PROJECT

The purpose of the proposed project is to improve the accessibility of residents of Edwardsville and the surrounding communities and areas to the services provided by Fairview Heights Medical Group and St. Louis Children's Hospital, as described in the Narrative Description provided in this Certificate of Need application. As a result, through the proposed project, the health care and well-being of the area's population will be improved.

The HFSRB-designated geographic service area ("GSA") for projects located in Madison County consists of the ZIP Code areas located within 17 miles of the project's site. Per Searchbug, there are 35 ZIP Code areas within the designated radius, having a population of approximately 339,000. A listing of those ZIP Code areas is provided on the following page.

Given Edwardsville's proximity to St. Louis, the applicants anticipate that, at minimum, 70% of the patients being seen in the proposed medical clinics building ("MCB") will reside within the identified GSA.

The goal of the proposed project is to reduce the need for Illinois residents to drive to Missouri to receive selected medical services, and the reaching of that goal will be measured by the number of patients electing to be seen in the MCB.

GEOGRAPHIC SERVICE AREA

ZIP Code	City	State	County
<u>62025</u>	EDWARDSVILLE	IL	MADISON
<u>62026</u>	EDWARDSVILLE	IL	MADISON
<u>62067</u>	MORO	IL	MADISON
<u>62084</u>	ROXANA	IL	MADISON
<u>62046</u>	HAMEL	IL	MADISON
<u>62087</u>	SOUTH ROXANA	IL	MADISON
<u>62097</u>	WORDEN	IL	MADISON
<u>62034</u>	GLEN CARBON	IL	MADISON
<u>62095</u>	WOOD RIVER	IL	MADISON
<u>62024</u>	EAST ALTON	IL	MADISON
<u>62048</u>	HARTFORD	IL	MADISON
<u>62010</u>	BETHALTO	IL	MADISON
<u>62018</u>	COTTAGE HILLS	IL	MADISON
<u>62021</u>	DORSEY	IL	MADISON
<u>62062</u>	MARYVILLE	IL	MADISON
<u>62061</u>	MARINE	IL	MADISON
<u>62294</u>	TROY	IL	MADISON
<u>62001</u>	ALHAMBRA	IL	MADISON
<u>62234</u>	COLLINSVILLE	IL	MADISON
<u>62002</u>	ALTON	IL	MADISON
<u>62040</u>	GRANITE CITY	IL	MADISON
<u>62058</u>	LIVINGSTON	IL	MADISON
<u>63138</u>	SAINT LOUIS	MO	SAINT LOUIS
<u>62281</u>	SAINT JACOB	IL	MADISON
<u>62014</u>	BUNKER HILL	IL	MACOUPIN
<u>62088</u>	STAUNTON	IL	MACOUPIN
<u>63386</u>	WEST ALTON	MO	SAINT CHARLES
<u>62093</u>	WILSONVILLE	IL	MACOUPIN
<u>62074</u>	NEW DOUGLAS	IL	MADISON
<u>63137</u>	SAINT LOUIS	MO	SAINT LOUIS
<u>62232</u>	CASEYVILLE	IL	SAINT CLAIR
<u>62012</u>	BRIGHTON	IL	MACOUPIN
<u>62060</u>	MADISON	IL	MADISON
<u>62249</u>	HIGHLAND	IL	MADISON
<u>62035</u>	GODFREY	IL	MADISON

ALTERNATIVES

The goal of the proposed project is to improve access to the services of Fairview Heights Medical Group and St. Louis Children's Hospital for residents of Edwardsville and the surrounding area/communities. Desirous of addressing that purpose, two alternatives to the proposed project were available to the applicants:

Alternative 1: Provide a Medical Clinics Building Through New Construction

This alternative was dismissed because of the cost differential, estimated to be approximately \$225 per square foot, or approximately \$12.5M for a similarly-sized building. Had this alternative been selected, and assuming a site could be acquired having similar access, patient accessibility, the associated operating costs, and the quality of care provided would have been very similar to that of the proposed project.

Alternative 2: Continue to Rely on the Medical Groups' Existing Offices

This alternative was dismissed because it failed to address the project's purpose, that being improving accessibility. While this alternative would not have an associated capital cost, patient access would be inferior to that of the selected project. The quality of care provided would be very similar or identical to that of the proposed project. A comparison of associated operating costs was not performed because of the alternative's failure to address the purpose of the project.

SIZE

The proposed project includes only one area having a HFSRB-adopted space standard, that being general radiology; and the project is being planned consistent with that standard, as demonstrated in the table below.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
General Radiology (1 unit)	852	1,300	(448)	YES

UTILIZATION

The proposed medical clinics building (“MCB”) will have only one service having a HFSRB-adopted utilization standard, that being the single general radiology unit to be provided. Given that only one unit is being provided, the utilization standard, per HFSRB precedent, is not applicable.

44

Based on the anticipated reaching of full utilization of the MCB by late in the second year following its opening, at which time patient visits are projected to reach approximately 96,000 annually, approximately 2,750 specimens are anticipated to be collected in the lab to be located in the MCB.

	PROJECTED UTILIZATION		STATE STANDARD	MET STANDARD?
	YEAR 1	YEAR 2		
Gen'l Radiology	2,000	3,300	8,000	N/A

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed medical clinics building will provide two clinical services, those being a laboratory, primarily for the collection of specimens, and a single portable general radiology unit. Approximately 2,750 specimens are anticipated to be collected annually in the laboratory, and the HFSRB does not have a utilization standard applicable to a laboratory. Per HFSRB precedent, and because only one general radiology unit will be provided, the HFSRB standard of 8,000 annual procedures is not applicable. It is anticipated, however, that approximately 3,300 procedures will be performed on the single portable unit, annually.

[Type here]

ATTACHMENT 30

RatingsDirect®
.....**Missouri Health & Educational
Facilities Authority
BJC HealthCare; CP; System****Primary Credit Analyst:**

Cynthia S Keller, New York + 1 (212) 438 2035; cynthia.keller@spglobal.com

Secondary Contact:

Patrick Zagar, Farmers Branch + (1) 214-765-5883; patrick.zagar@spglobal.com

Table Of Contents
.....

Rating Action

Stable Outlook

Credit Opinion

Enterprise Profile--Very Strong

Financial Profile--Very Strong

Related Research

Credit Snapshot

Missouri Health & Educational Facilities Authority

BJC HealthCare; CP; System

Credit Profile

US\$350.0 mil hlth facs rev bnds (BJC HealthCare) ser 2021A due 07/01/2051		
<i>Long Term Rating</i>	AA/Stable	New
US\$255.0 mil hlth facs rev bnds (BJC HealthCare) ser 2021B due 07/01/2026		
<i>Long Term Rating</i>	AA/Stable	New
US\$245.0 mil hlth facs rev bnds (BJC HealthCare) ser 2021C due 07/01/2028		
<i>Long Term Rating</i>	AA/Stable	New
Missouri Hlth & Educl Facs Auth, Missouri		
BJC HealthCare, Missouri		
Missouri Hlth & Educl Facs Auth (BJC HealthCare)		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Rating Action

S&P Global Ratings assigned its 'AA' long-term rating to the Missouri Health and Educational Facilities Authority's \$350 million series 2021A, \$255 million 2021B, and \$245 million 2021C health facilities revenue bonds issued for BJC HealthCare (BJC). The series 2021A bonds are scheduled to be long-term fixed-rate, while the series 2021B and 2021C will likely be issued with five- and seven-year puts. Proceeds from the par plus premium are expected to refinance all BJC's variable-rate bank loans.

At the same time, we affirmed our 'AA' rating on various bonds issued for BJC. We also affirmed our 'AA/A-1+' rating on the Missouri Health and Educational Facilities Authority's series 2008A-E bonds issued for BJC. For these bonds, the long-term component of the rating reflects BJC's credit quality, while the short-term rating reflects a standby bond purchase agreement from U.S. Bank National Association through 2024 (2008A) or self-liquidity (2008B-E). We also affirmed our 'A-1+' rating on BJC's commercial paper program, of which \$103 million, of \$250 million authorized, was outstanding at the end of fiscal 2020. The outlook on the 'AA' ratings is stable.

This affirmation also incorporates \$200 million of additional unrated debt secured via a bank loan at the start of the pandemic, which was used to bolster unrestricted reserves.

Credit overview

The rating reflects our view of BJC's enterprise strengths, including a leading market share and highly regarded reputation, particularly for its academic adult and pediatric flagships in the region that are affiliated with Washington University School of Medicine (WUSM). Despite some payer mix challenges, with a moderately high amount of Medicaid business reflecting BJC's safety net role in the community, management has consistently produced stable earnings and cash flow, even during the pandemic. BJC's healthy cash flow, combined with its strong discipline around capital spending, has resulted in a robust balance sheet with ample unrestricted reserves relative to operating expenses.

ATTACHMENT 34

and debt, and moderate debt levels. We anticipate that capital spending will increase toward the end of the outlook period, with several capital projects on the horizon, but we believe BJC has room for slightly lower levels of reserves as the organization plans to initially fund capital using internal equity. BJC has no imminent financing plans, and although contingent liabilities are high, BJC will dramatically reduce its outstanding variable-rate bank loans with this refinancing, which we view favorably. At the same time, we recognize that the transaction is dependent on market rates, and even if the debt structure remains unchanged, we would still consider the 'AA' rating to be appropriate.

BJC's revenue dropped in fiscal 2020 due to the government-mandated early-April shutdown of all elective services and expenses incurred to prepare to treat patients with COVID-19. However, BJC's financial performance was strong entering into the pandemic and management immediately took actions that reduced net spending for the year by about \$100 million. These actions included reduced capital spending, furloughs, freezes on new hiring and salaries, and executive compensation cuts. Ultimately, these actions, as well as stimulus support, helped BJC compensate for pandemic-related lower revenue and higher expenses that management estimates totaled \$350 million in fiscal 2020. BJC recognized \$227 million of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act stimulus funds and other grants in fiscal 2020 and has received additional funds that it should be able to recognize in fiscal 2021. BJC also received \$478 million of Medicare advance payments. Because these funds must be repaid, we have excluded them from unrestricted reserves, but recognize the benefits of this additional liquidity in our analysis.

BJC's lease of Boone Hospital ended Dec. 31, 2020, and it is accounted for as discontinued operations in the fiscal 2020 audit. In our opinion, this change does not materially affect BJC's credit quality, as Boone was operating at a loss and had limited unrestricted reserves and debt.

The rating reflects our view of BJC's:

- Leading market share in the greater St. Louis region, bolstered by broad regional and national draws at its academic facilities;
- Solidified academic relationship through 2027 with the highly respected WUSM, one of the top national recipients of federal research funding;
- Healthy balance sheet with robust unrestricted reserves and moderate debt levels; and
- Generally stable earnings that consistently produce robust debt service coverage (DSC), even during the pandemic.

In our opinion, offsetting factors include BJC's:

- Significant amount of contingent liabilities, although post-financing, the debt structure should be much more conservative;
- Ample revenue from disproportionate share and special funding sources, which can be unpredictable;
- Competitive service area; and
- Significant future capital spending, especially at the academic facilities, although the plans have been slightly delayed because of the pandemic.

The stable outlook reflects our view of BJC's leading market position and revenue and volume growth that have

contributed toward solid DSC and healthy balance-sheet metrics under normal market conditions. The stable outlook also incorporates our view of management's operating initiatives, which have kept margins in line with rating level expectations and potential higher future capital spending funded from internal reserves.

Environmental, social, and governance factors

We analyzed BJC's environmental and governance risk relative to its economic fundamentals, market position, and management and governance, and the corresponding effects on its financial profile, and determined that both are in line with the industry. We also view BJC's social risk as in line with our view of the sector. That said, COVID-19 has exposed BJC to additional health and safety-related social risks that have dampened revenue growth and required increased costs to care for patients with COVID-19. Additionally, the pandemic-related economic pressures may weaken BJC's payer mix and special funding receipts; however, we believe BJC has sufficient operating and balance-sheet flexibility to compensate for these risks.

Stable Outlook

Downside scenario

A lower rating, while not expected, could be possible with a material and unexpected debt issuance or sustained operating challenges that limit BJC's cash flow and DSC. Any significant change in BJC's enterprise profile, including its market position or relationship with WUSM, could pressure the rating. Furthermore, we could consider a lower rating if the financial and economic repercussions from the pandemic are too significant to absorb at the current rating level.

Upside scenario

We currently view continued pandemic-related operating and financial pressures, as well as BJC's more regional and competitive service area and likely material future capital plans, to be barriers to a higher rating during the outlook period.

Credit Opinion

Enterprise Profile--Very Strong

Diverse assets in and around St. Louis

BJC operates its flagship academic center, Barnes-Jewish Hospital (BJH) and St. Louis Children's Hospital, as well as four tertiary community hospitals, four community hospitals, three small rural hospitals, and a joint venture rehabilitation hospital. The hospitals are located largely in the St. Louis region, including southern Illinois, with a population of about 2.8 million. While there is some concentration of revenue, especially at BJH and St. Louis Children's Hospital (both on the same academic campus with WUSM and together generating about 56% of 2020's total operating revenue), there is still revenue and geographic diversity among the rest of the system's assets.

BJC is a founding member of the BJC Collaborative, a group of seven health systems that came together several years ago to gain efficiencies and share best practices. This strategy dovetails with BJC's journey to an operating model

company over the past several years and has been accompanied by significant investment in common information technology throughout the system. Management indicated that the pandemic accelerated this strategy, and that the model benefited clinical care during the pandemic, as the hospitals could share staff and supplies and move patients around the system to ease occupancy issues. Because the system's facilities are all within a single region, future strategic initiatives will likely include some service rationalization as well as expansion of signature service lines throughout the system.

Market share leader in a competitive region

We view favorably BJC's incrementally improving and leading inpatient market share of 41.1% in the St. Louis region. Competitors include SSM Health Care and Mercy Health; both systems have about one-quarter of the market each. While the St. Louis market is competitive, BJC has differentiated itself with its strong academic medical centers and its longstanding affiliation with WUSM, well-known for its medical education and research capabilities and for supporting BJC's clinical enterprise with its strong physician base. This affiliation has contributed to a broader regional presence, with about one-quarter of admissions coming from outside BJC's 11 county primary service area, mostly from its 72-county secondary service area. The system's market position is further supported by WUSM's faculty physicians and almost 400 physicians employed in the BJC Medical Group.

Constrained payer mix and reliance on special funding are risks

We view BJC's payor mix as generally stable and moderately constrained by a somewhat high percent of Medicaid. Medicaid is likely to increase further with the July 1 implementation of Medicaid expansion in Missouri, although, at the same time, bad debt and charity care will likely decline. Because of its payer mix, BJC receives significant disproportionate share and other state safety net funding. While these programs are diverse and support operations, they are also subject to change and sunseting, which adds an element of credit risk. While interested in and prepared to take risk, BJC has some value-based contracts, but these remain a small portion of annual revenue.

BJC also has financial responsibilities to WUSM based on its academic affiliation. In 2017, BJC committed \$20 million annually for 10 years in exchange for a ceiling on the annual variable affiliation payments to the university, which are based on the performance of the academic affiliates. The \$176 million net present value of these future payments was booked in fiscal 2017 as a nonoperating expense. Management indicates that additional annual payments to the school are included in operating expenses.

Table 1

BJC Health System, Missouri--Enterprise Statistics

	--Fiscal year ended Dec. 31--		
	2020	2019	2018
PSA population	N.A.	2,729,370	2,800,000
PSA market share (%)	N.A.	41.1	40.3
Inpatient admissions	131,036	156,939	151,723
Equivalent inpatient admissions	277,246	341,388	344,911
Emergency visits	416,968	537,338	537,056
Inpatient surgeries	35,772	45,110	43,654
Outpatient surgeries	66,056	81,584	81,764
Medicare case mix index	2.0700	1.9600	1.9400

ATTACHMENT 34

Table 1

BJC Health System, Missouri--Enterprise Statistics (cont.)

	--Fiscal year ended Dec. 31--		
	2020	2019	2018
FTE employees	27,191	29,141	28,605
Active physicians	4,176	4,548	4,366
Based on net/gross revenues	Net	Net	Net
Medicare (%)	30.1	31.0	31.8
Medicaid (%)	14.9	13.1	13.3
Commercial/Blues (%)	49.0	49.8	48.7

N/A--Not applicable. N.A.--Not available. Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions.

Financial Profile--Very Strong

Healthy and stable balance sheet

BJC's balance sheet is generally in line with rating level medians and characterized by sound unrestricted reserves, especially relative to operating expenses. The significant increase in reserves reflects proceeds from the series 2020 borrowing, investment market performance, operating cash flow, and stimulus funds of about \$18 million that have been received, but not yet recognized.

In addition to unrestricted reserves, BJC also has \$1.4 billion at related foundations that we do not include in our analysis, although management estimates that a portion is unrestricted and could be available for debt service. While the remaining restricted funds typically cannot be used for debt service, they can often be used for other operating and capital purposes to benefit BJC. Therefore, we view BJC's total reserves as quite healthy and expect continued stability in the near term, but also some weakening as capital spending ramps up. However, we still believe reserves will remain in line with rating level expectations.

Investment portfolio and self-liquidity

BJC has a relatively large amount of its reserves conservatively invested in cash and fixed income (55%) while the remainder is invested mostly in alternative and illiquid investments (37%). The conservative investments are skewed more toward unrestricted reserves and support BJC's debt and commercial paper that is backed by its self-liquidity.

As of Jan. 31, 2021, S&P Global Ratings has identified \$2.6 billion of discounted available assets, which amply cover BJC's \$370.5 million in self-liquidity borrowings currently outstanding. Our self-liquidity rating on BJC reflects its sufficiency of liquid investment assets and detailed operating procedures articulated by BJC in the event it must provide liquidity for a failed remarketing.

Anticipated growth in capital spending, but within guidelines

After more than a decade of capital spending above depreciation expense, BJC has completed several projects on the main academic campus, as well as a major information technology upgrade. Spending in fiscal 2020 was light as management postponed projects during the pandemic to preserve liquidity.

BJC has initiated the final phases of its master facility plan on the main academic campus, which includes new inpatient capacity to replace older bed towers and increase the number of private rooms. BJC also has additional IT projects and plans to construct an ambulatory center to consolidate its oncology service line. BJC, BJH, and WUSM operate the Siteman Cancer Center, which is the only National Cancer Institute-designated Comprehensive Cancer Center within about 250 miles.

While the capital plans are significant, at over \$1 billion, management has a disciplined capital spending process based on total revenue, with targeted spending of approximately 7% to 8% of total revenue annually, down from its previous target of 9%. While there have been occasional years where the target is exceeded, for example, during major construction projects, management has always brought average spending back in line with targets over multiyear periods.

Management indicates that under certain favorable market conditions, BJC may issue debt for these projects; however, any issuance would likely be at the end of the construction period and reimburse BJC for a portion of the capital spent. According to management, the current capital framework and projections should provide sufficient funds to internally fund these projects while also keeping cash on hand at around 350 days, which we view as sufficient for the rating level.

Margins and cash flow generate solid debt service coverage

BJC entered the pandemic with strong and improved operating performance in fiscal 2019 relative to atypically weak fiscal 2018 results, due largely to one-time expenses. Although pressured by the pandemic, management's actions, as well as federal stimulus support, resulted in similarly strong earnings and DSC in both fiscal years 2020 and 2019. While inpatient volume did not resume to pre-pandemic levels, admissions significantly improved from April's low through October, when the St. Louis metropolitan area was hit by another surge and saw volume decline, due in part to staffing challenges. Nevertheless, both fiscal years 2019 and 2020 met management's 3.5% operating and 11% EBIDA margin goals. BJC typically also posts strong nonoperating revenue, which supports continued DSC in line with median levels, as calculated by S&P Global Ratings, with smoothed bullets.

BJC has budgeted for 3.3% and 10.7% operating and EBIDA margins for fiscal 2021. Assumptions include volume recovery to 2019 levels, financial investments in the workforce, continued IT implementation, revenue cycle improvements, and increased physician recruitment and employment. The proposed refinancing is also expected to increase total interest expense. We view this budget as achievable, given management's ability to meet historical forecasts. BJC has about \$18 million of additional stimulus funds that it will likely recognize in 2021 but that are not in the budget, which provides an additional cushion for unforeseen pandemic-related events or subsequent surges.

Conservative pro forma debt structure, but high pension liabilities

BJC's debt structure at the end of fiscal 2020 consisted of approximately \$1.7 billion of contingent liabilities (variable-rate debt, private bank loans, and commercial paper) that accounted for 77% of all debt outstanding. Many of the bank loan covenants allow for a 30-day cure period before an event of default, but some can result in immediate acceleration of debt. Covenants include, but are not limited to, DSC of less than 1.1x for two successive years and a rating trigger of 'BBB-'.

We view BJC's exposure to contingent liabilities to be high, but not necessarily a credit risk. This is because BJC has

ample liquidity to repay the loans if necessary, diversity with eight bank counterparties, put dates from 2023 through 2028, ample headroom above covenants, and market access. Nevertheless, we view favorably management's decision to refinance almost \$1 billion of this debt, bringing contingent liabilities down to less than one-half of the entire debt portfolio.

BJC also has \$936 million of variable- to fixed-rate swaps. The swaps are with four different banks and typically have limited collateral posted. At Dec. 31, 2020, BJC has \$108 million of collateral posted, although that has already declined to \$64 million at Feb. 26, 2021. Considering the swaps, more than three-quarters of BJC's debt is naturally or synthetically fixed-rate.

BJC's defined-benefit pension plan is not frozen, and due largely to lower discount rates, funding has materially weakened over the past several years. Plan assets were 72% of the projected benefit obligation and the plan posted a total unfunded liability of \$1.1 billion as of Dec. 31, 2020. We believe both capital spending and pension funding requirements will contribute to softening of unrestricted reserves over the near term.

As of Dec. 31, 2020, under FASB ASU 2016-02, BJC has a \$180 million short- and long-term operating lease liability and a commensurate \$182 million operating lease right-of-use asset on its balance sheet. We have historically incorporated lease risk into lease-adjusted DSC, and we believe this continues to capture risk associated with lease exposure. Including the operating lease liability into our calculation of leverage brings BJC's pro forma long-term debt to 29% of capitalization. While the audit presentation now provides more clarity on the actual value of the lease liability, the actual lease obligations incurred by BJC are unchanged, and we therefore do not consider this a credit factor.

Table 2**BJC Health System, Missouri--Financial Statistics**

	--Fiscal year ended Dec. 31--			Medians for 'AA' rated health care system
	2020	2019	2018	2019
Financial performance				
Net patient revenue (\$000s)	5,143,200	5,168,100	5,094,300	4,050,320
Total operating revenue (\$000s)	5,586,800	5,378,100	5,326,900	4,887,899
Total operating expenses (\$000s)	5,315,400	5,112,700	5,267,500	MNR
Operating income (\$000s)	271,400	265,400	59,400	MNR
Operating margin (%)	4.86	4.93	1.12	4.40
Net nonoperating income (\$000s)	277,800	279,500	211,400	MNR
Excess income (\$000s)	549,200	544,900	270,800	MNR
Excess margin (%)	9.36	9.63	4.89	6.60
Operating EBIDA margin (%)	12.49	12.69	8.96	9.80
EBIDA margin (%)	16.64	17.01	12.44	12.70
Net available for debt service (\$000s)	975,800	962,200	688,900	603,513
Maximum annual debt service (\$000s)	105,133	105,133	105,133	MNR
Maximum annual debt service coverage (x)	9.28	9.15	6.55	7.60
Operating lease-adjusted coverage (x)	6.43	6.36	4.01	4.90

ATTACHMENT 34

MARCH 5, 2021 8

Table 2

BJC Health System, Missouri--Financial Statistics (cont.)

	--Fiscal year ended Dec. 31--			Medians for 'AA' rated health care system
	2020	2019	2018	2019
Liquidity and financial flexibility				
Unrestricted reserves (\$000s)	5,858,600	4,958,500	4,287,500	4,057,238
Unrestricted days' cash on hand	432.1	380.7	318.8	335.50
Unrestricted reserves/total long-term debt (%)	262.8	243.3	199.5	283.10
Unrestricted reserves/contingent liabilities (%)	338.8	323.4	278.9	863.50
Average age of plant (years)	11.3	11.2	10.6	10.50
Capital expenditures/depreciation and amortization (%)	55.1	110.3	115.6	153.80
Debt and liabilities				
Total long-term debt (\$000s)	2,229,100	2,038,000	2,149,400	MNR
Long-term debt/capitalization (%)	27.4	25.1	27.4	20.80
Contingent liabilities (\$000s)	1,729,200	1,533,400	1,537,100	MNR
Contingent liabilities/total long-term debt (%)	77.6	75.2	71.5	43.20
Debt burden (%)	1.79	1.86	1.90	1.80
Defined-benefit plan funded status (%)	72.21	80.29	86.52	85.60
Miscellaneous				
Medicare advance payments (\$000s)*	478,000	N/A	N/A	MNR
Short-term borrowings (\$000s)**	0	0	0	MNR
CARES Act and other grants (\$000s)	226,800	N/A	N/A	MNR

N/A--Not applicable. N.A.--Not available. MNR--Median not reported. *Excluded from unrestricted reserves, long-term debt, and contingent liabilities. **Excludes commercial paper that has been added to long-term debt.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Credit Snapshot

- **Security:** Securing BJC's bonds are a general obligation of the obligated group. With this refinancing, BJC will adopt a new master trust indenture.
- **Group rating methodology:** Core.
- **Organization description:** BJC owns or operates 14 inpatient acute-care hospitals in the St. Louis region. Other key related businesses include three long-term care facilities, a retirement community, home care services, various primary care physician practice sites, and the growing BJC Medical Group. The 1,393-staffed-bed flagship BJH, 349-staffed-bed St. Louis Children's Hospital, and 68-staffed-bed Barnes-Jewish West County Hospital maintain an affiliation agreement with WUSM through 2027.

ATTACHMENT 34

MARCH 5, 2021 9

Ratings Detail (As Of March 5, 2021)

BJC HealthCare taxable comm ppr nts ser A due 12/01/2099

<i>Short Term Rating</i>	A-1+	Affirmed
--------------------------	------	----------

Missouri Hlth & Educl Facs Auth, Missouri

BJC HealthCare, Missouri

Missouri Hlth & Educl Facs Auth (BJC HealthCare) hosp VRDO

<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
-------------------------	----------------	----------

Missouri Hlth & Educl Facs Auth (BJC HealthCare) hosp VRDO

<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
-------------------------	----------------	----------

Missouri Hlth & Educl Facs Auth (BJC HealthCare) hosp VRDO

<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
-------------------------	----------------	----------

Missouri Hlth & Educl Facs Auth (BJC HealthCare) var rate hlth facs rev bnds

<i>Long Term Rating</i>	AA/Stable	Affirmed
-------------------------	-----------	----------

Missouri Hlth & Educl Facs Auth (BJC HealthCare) var rate hlth fac rev bnds

<i>Long Term Rating</i>	AA/Stable	Affirmed
-------------------------	-----------	----------

Missouri Hlth & Educl Facs Auth (BJC HealthCare) SYSTEM

<i>Long Term Rating</i>	AA/Stable	Affirmed
-------------------------	-----------	----------

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

ATTACHMENT 34

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Square Feet That is:			
		Existing	Proposed	New Const.	Renovated	As Is	Vacated Space
Reviewable							
General Radiology	\$ 859,768		852	852			
Laboratory	\$ 368,472		300	300			
Total	\$ 1,228,240		1,152	1,152			
Non-Reviewable							
Physicians' Offices	\$ 17,294,580		33,613	33,613			
Available for Lease	\$ 1,119,061		16,971	16,971			
Public Areas	\$ 1,322,527		2,716	2,716			
Support & Mechanical	\$ 610,397		1,295	1,295			
Total	\$ 20,346,565		54,595	54,595			
Project Total	\$ 21,574,805		55,747	55,747			

PROJECTED OPERATING COSTS
and
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

BJC HealthCare Edwardsville Medical Clinics Building

Year 2 Projected Patient Visits: 96,000

Year 2 OPERATING COST per PATIENT VIST

Salaries & Benefits	\$9,813,440
Medical Supplies	<u>\$970,560</u>
	\$10,784,000
per Patient Visit:	\$ 112.33

YEAR 2 CAPITAL COST per PATIENT VISIT

Interest, Depreciation and Amortization	\$ 1,438,320
per Patient Visit:	\$ 14.98

CHARITY CARE INFORMATION

A hospital is not named as an applicant. However, applicant BJC HealthCare owns and operates three hospitals in Illinois: Memorial Hospital (Belleville), Memorial Hospital-East (Shiloh), and Alton Memorial Hospital. During 2019, the three hospitals' combined net operating revenue was \$448,290,834; and \$4,302,189 of charity care was provided, equating to .96% of the net operating revenue.

The payor mix of the proposed medical clinics building is anticipated to be similar to that of BJC HealthCare's three Illinois hospitals. During 2019, that payor mix (as patient encounters) was:

Medicare	43.2%
Medicaid	12.0%
Other Public	3.8%
Private Insurance	32.5%
Private Pay	2.3%
Charity	6.2%

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	27
2	Site Ownership	29
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	30
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	31
5	Flood Plain Requirements	32
6	Historic Preservation Act Requirements	34
7	Project and Sources of Funds Itemization	35
8	Financial Commitment Document if required	
9	Cost Space Requirements	37
10	Discontinuation	
11	Background of the Applicant	38
12	Purpose of the Project	39
13	Alternatives to the Project	41
14	Size of the Project	42
15	Project Service Utilization	43
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
	Service Specific:	
18	Medical Surgical Pediatrics, Obstetrics, ICU	
19	Comprehensive Physical Rehabilitation	
20	Acute Mental Illness	
21	Open Heart Surgery	
22	Cardiac Catheterization	
23	In-Center Hemodialysis	
24	Non-Hospital Based Ambulatory Surgery	
25	Selected Organ Transplantation	
26	Kidney Transplantation	
27	Subacute Care Hospital Model	
28	Community-Based Residential Rehabilitation Center	
29	Long Term Acute Care Hospital	
30	Clinical Service Areas Other than Categories of Service	44
31	Freestanding Emergency Center Medical Services	
32	Birth Center	
	Financial and Economic Feasibility:	
33	Availability of Funds	
34	Financial Waiver	45
35	Financial Viability	
36	Economic Feasibility	56
37	Safety Net Impact Statement	
38	Charity Care Information	58
39	Flood Plain Information	26