

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 04/2021 Edition

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Rockford Orthopedic Surgery Center, LLC d/b/a Orthollinois Surgery Center (Real Estate Only)		
Street Address: 346 Roxbury Road		
City and Zip Code: Rockford, Illinois 61107		
County: Winnebago	Health Service Area: 001	Health Planning Area: 201

Legislators

State Senator Name: Steve Stadelman
State Representative Name: Dave Vella

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

Exact Legal Name: Rockford 346 MP RK6, LLC
Street Address: One Town Center Road, Suite 300
City and Zip Code: Boca Raton, Florida 33486
Name of Registered Agent: National Registered Agents Inc.
Registered Agent Street Address: 208 South LaSalle Street, Suite 814
Registered Agent City and Zip Code: Chicago, Illinois 60604
Name of Chief Executive Officer: Albert Rabil, III
CEO Street Address: One Town Center Road, Suite 300
CEO City and Zip Code: Boca Raton, Florida 33486
CEO Telephone Number: 561-300-6200

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli PC
Address: 150 North Riverside Plaza, Suite 3000, Chicago, Illinois 60606
Telephone Number: 312-312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number:

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility/Project Identification

Facility Name: Rockford Orthopedic Surgery Center, LLC d/b/a OrthoIllinois Surgery Center (Real Estate Only)		
Street Address: 346 Roxbury Road		
City and Zip Code: Rockford, Illinois 61107		
County: Winnebago	Health Service Area: 001	Health Planning Area: 201

Legislators

State Senator Name: Steve Stadelman
State Representative Name: Dave Vella

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

Exact Legal Name: KAREP VI REOC, LLC
Street Address: One Town Center Road, Suite 300
City and Zip Code: Boca Raton, Florida 33486
Name of Registered Agent: National Registered Agents Inc.
Registered Agent Street Address: 208 South LaSalle Street, Suite 814
Registered Agent City and Zip Code: Chicago, Illinois 60604
Name of Chief Executive Officer: Albert Rabil, III
CEO Street Address: One Town Center Road, Suite 300
CEO City and Zip Code: Boca Raton, Florida 33486
CEO Telephone Number: 561-300-6200

Type of Ownership of Applicants

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
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Legislators

State Senator Name: Steve Stadelman
State Representative Name: Dave Vella

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

Exact Legal Name: Rockford Orthopedic Surgery Center, LLC d/b/a OrthoIllinois Surgery Center
Street Address: 346 Roxbury Road
City and Zip Code: Rockford, Illinois 61107
Name of Registered Agent: Jan H. Ohlander
Registered Agent Street Address: 2902 McFarland Road, Suite 400
Registered Agent City and Zip Code: Rockford, Illinois 61107
Name of Chief Executive Officer: Donald Schreiner
CEO Street Address: 346 Roxbury Road
CEO City and Zip Code: Rockford, Illinois 61107
CEO Telephone Number: 815-381-7331

Type of Ownership of Applicants

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
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Address: 150 North Riverside Plaza, Suite 3000, Chicago, Illinois 60606
Telephone Number: 312-312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number:

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

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

Post Exemption Contact

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

Name: Gregg Graines
Title: General Counsel & Senior Vice President
Company Name: Remedy Medical Properties
Address: 181 West Madison, Suite 4700, Chicago, Illinois 60602
Telephone Number: 312-872-4120
E-mail Address: ggraines@remedy.com
Fax Number:

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Rockford 346 MP RK6, LLC
Address of Site Owner: 346 Roxbury Road, Rockford, Illinois 61107
Street Address or Legal Description of the Site: 346 Roxbury Road, Rockford, Illinois 61107
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.

Current Operating Identity/Licensee

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

Exact Legal Name: Rockford Orthopedic Surgery Center, LLC d/b/a Orthollinois Surgery Center		
Address: 346 Roxbury Road, Rockford, Illinois 61107		
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership	<input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental	<input type="checkbox"/> Sole Proprietorship
<input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Other		

Operating Identity/Licensee after the Project is Complete

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

Exact Legal Name: Rockford Orthopedic Surgery Center, LLC d/b/a OrthoIllinois Surgery Center	
Address: 346 Roxbury Road, Rockford, Illinois 61107	
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<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Other	<input type="checkbox"/>
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 	
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.
APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site.

Rockford Orthopedic Surgery Center, LLC d/b/a Orthollinois Surgery Center ("Orthollinois) owns the property as well as operates an ambulatory surgical treatment center located at 346 Roxbury Road, Rockford, Illinois (the "Property"). Rockford 346 MP RK6, LLC, a Delaware limited liability company (the "Buyer") will acquire the Property from Orthollinois. The ambulatory surgical treatment center consists of 13,000 square feet.

This application for a certificate of exemption is for the change of ownership of the physical plant only and there will be no change to the operation of the ambulatory surgical treatment center.

The proposed change of ownership of the Property is subject to approval of a certificate of exemption ("COE") by the Illinois Health Facilities and Services Review Board ("HFSRB"). The purchase price for the building is \$8,750,000. The Property will be conveyed to the Buyer through a special warranty deed which will be recorded with the Winnebago County Recorder of Deeds. Buyer is controlled by and majority owned by KAREP VI REOC, LLC, a real estate operating company ("REOC") focused on investing in health care real estate.

The acquisition of the Property by the Buyer is not expected to result in any changes in the operations of the ambulatory surgical treatment center or the activities or operations conducted in the Property.

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Related Project Costs

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

Land acquisition is related to project	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	

Project Status and Completion Schedules

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

Anticipated exemption completion date (refer to Part 1130.570): November 20, 2021 or as soon thereafter as all closing conditions have been satisfied.

State Agency Submittals N/A Real Estate Only

Are the following submittals up to date as applicable:

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

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

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CERTIFICATION

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

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

This Application is filed on the behalf of Rockford 346 MP RK6, LLC in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

Kmpanensia
Signature

[Signature]
Signature

Krysta Barlsik
Printed Name

Gregory Corino
Printed Name

Authorized Signatory
Printed Title

Authorized Signatory
Printed Title

Notarization:
Subscribed and sworn to before me
this 27 day of October 2021

Notarization:
Subscribed and sworn to before me
this 27 day of October 2021

[Signature]
Signature of Notary

[Signature]
Signature of Notary

Seal
*Insert the EXACT legal name of the applicant



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- o in the case of a sole proprietor, the individual that is the proprietor.

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

Signature

Signature

Printed Name

Printed Name

Printed Title

Printed Title

Notarization:

Subscribed and sworn to before me
this 13th day of October

Notarization:

Subscribed and sworn to before me
this 13th day of October

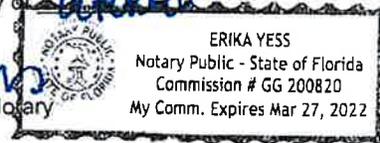
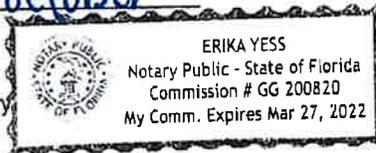
Signature of Notary

Signature of Notary

Seal

Seal

*Insert the EXACT legal name of the applicant



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

This Application is filed on the behalf of Rockford Orthopedic Surgery Center, LLC
d/b/a OrthoIllinois Surgery 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]
SIGNATURE

ERIC SCHWARTZ
PRINTED NAME

MANAGER OF OISC
PRINTED TITLE

[Signature]
SIGNATURE

Brian Beard
PRINTED NAME

MANAGER OF OISC
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 13 day of OCT. 2021

[Signature]
Signature of Notary

Seal  KATHLEEN M SHUKIS
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
December 11, 2022

Notarization:
Subscribed and sworn to before me
this 13 day of OCT. 2021

[Signature]
Signature of Notary

Seal  KATHLEEN M SHUKIS
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
December 11, 2022

*Insert the Exact legal name of the applicant

SECTION II. BACKGROUND.

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

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

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

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

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

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

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APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X
1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X
APPEND DOCUMENTATION AS ATTACHMENT 6. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

SECTION IV.CHARITY CARE INFORMATION

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

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

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

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

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

Section I, Identification, General Information, and Certification
Applicants

An organization chart showing the current corporate structure of the Applicants along with the post-closing ownership structure of the Applicants is included in Attachment – 4. Certificates of good standing for the Applicants are attached at Attachment – 1.

1. Rockford 346 MP RK6, LLC is a Delaware limited liability company and will be the entity that will hold title to the real property in which the ambulatory surgical treatment center is located. Certificates of good standing from Delaware and Illinois are attached.
2. KAREP VI REOC, LLC (“KAREP”) is a Delaware limited liability company. KAREP is a real estate operating company and is the controlling entity of Rockford 346 MP RK6, LLC and is consequently included as a co-applicant. Because KAREP performs no operations in Illinois, it is not required to obtain authorization to do business in Illinois, but a Delaware certificate of good standing is included.
3. Rockford Orthopedic Surgery Center, LLC d/b/a OrthoIllinois Surgery Center (“OrthoIllinois”) is an Illinois limited liability company and the owner of the building housing the ambulatory surgical treatment center as well as the operator of the ambulatory surgical treatment center. The Illinois certificate of good standing is attached.

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "ROCKFORD 346 MP RK6, LLC", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF SEPTEMBER, A.D. 2021, AT 9:26 O`CLOCK A.M.



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

6245272 8100
SR# 20213283646

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

Authentication: 204194882
Date: 09-20-21

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KAREP VI REOC, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRTEENTH DAY OF OCTOBER, A.D. 2021.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "KAREP VI REOC, LLC" WAS FORMED ON THE SECOND DAY OF DECEMBER, A.D. 2020.

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



4308517 8300

SR# 20213502387

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

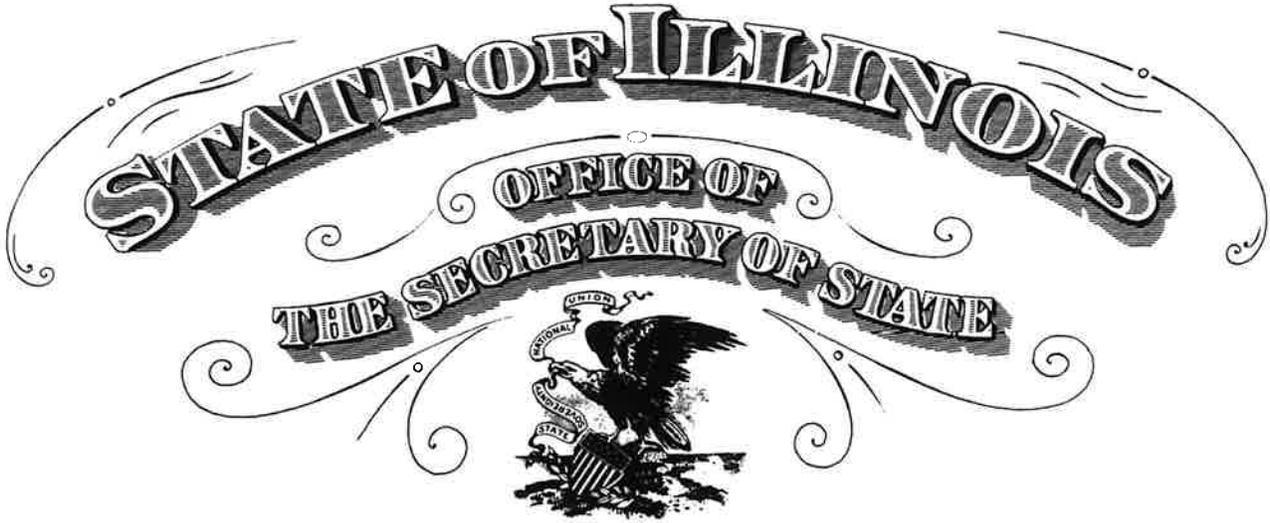
A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 204401460

Date: 10-13-21

File Number

0071387-2



To all to whom these Presents Shall Come, Greeting:

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

ROCKFORD ORTHOPEDIC SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON MAY 15, 2002, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 8TH day of OCTOBER A.D. 2021 .



Jesse White

SECRETARY OF STATE

Authentication #: 2128103212 verifiable until 10/08/2022
Authenticate at: <http://www.ilsos.gov>

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

Orthollinois owns the building housing the ambulatory surgical treatment center and operates the ambulatory surgical treatment center. There will be no change in the ambulatory surgical treatment center operations as a result of this transaction. The transaction is for the sale of the realty only. The Property is presently owned by Orthollinois. In this proposed transaction the underlying realty will be sold to Rockford 346 MP RK6, LLC. The property will be managed by Remedy Medical Properties, Inc.

By signing the certification within this application, the Orthollinois attests that it is the owner of the land and building located at 346 Roxbury Road, Rockford, Illinois 61107.

Section I, Identification, General Information, and Certification
Operating Entity/Licensee

OrthoIllinois will continue to be the licensed entity operating the ambulatory surgical treatment center.

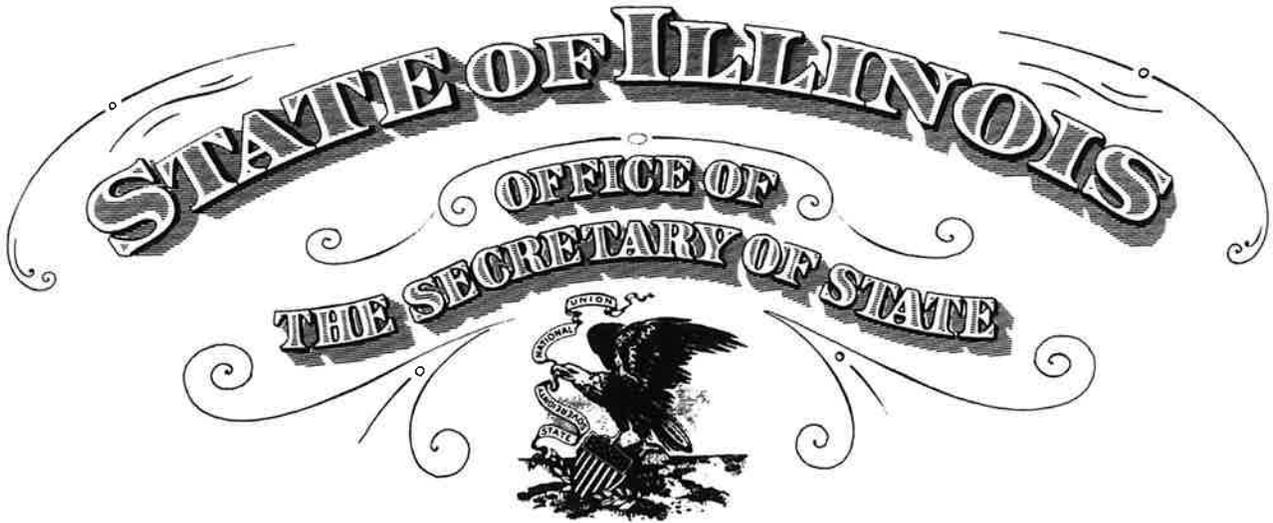
OrthoIllinois is an Illinois limited liability company. The Illinois certificate of good standing is attached.

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

The names and percentages of ownership of all persons with five percent or greater ownership in OrthoIllinois is listed below.

Name	Ownership Percentage
ASC Core Development Group, Inc.	74.0%
POINTcore, Inc.	25.0%
Donald A. Schreiner	1.0%
Total	100.0%

File Number 0071387-2



To all to whom these Presents Shall Come, Greeting:

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

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Jesse White

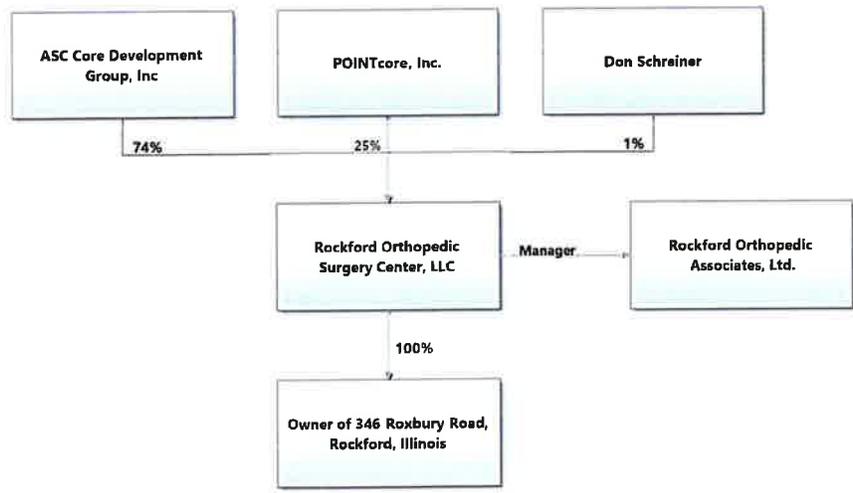
SECRETARY OF STATE

Authentication #: 2128103212 verifiable until 10/08/2022
Authenticate at: <http://www.ilsos.gov>

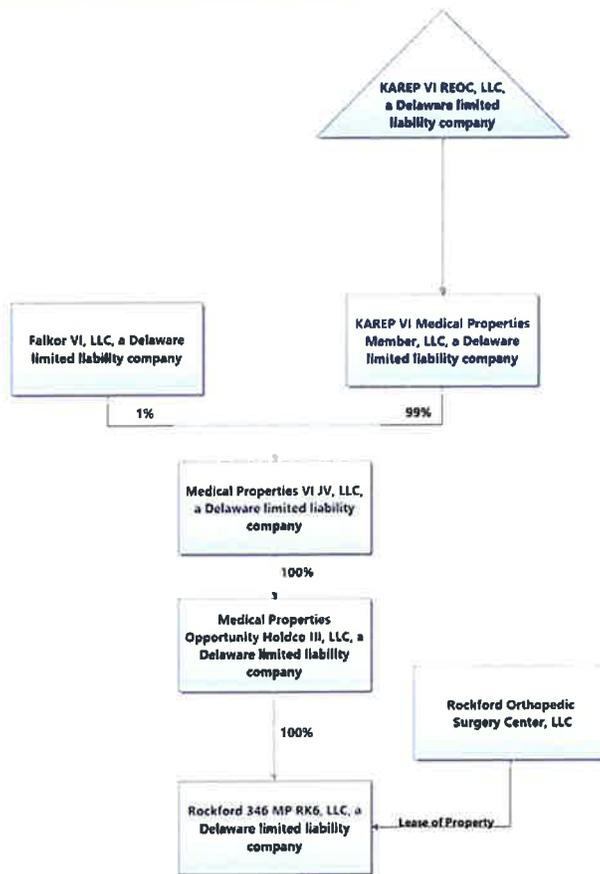
Section I, Identification, General Information, and Certification
Organizational Relationships

The organizational charts showing the current organizational structure of the current property owner, along with the post-transaction ownership structure are attached at Attachment – 4.

Seller Pre-Closing Organizational Chart



Rockford - Rockford, IL



Section II, Background
Background

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

OrthoIllinois operates the ambulatory surgical treatment center located at 346 Roxbury Road, Rockford, Illinois 61107. Copies of the license and accreditation are attached at Attachment – 5.

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

None.

- 3. A certified listing of any adverse action taken against any facility owned or operated by the Applicant(s) during the three years prior to filing of the application.**

Neither Buyer nor KAREP own or operate a health care facility in the State of Illinois. Certification that no adverse action that been taken against OrthoIllinois or any health care facility owned or operated by OrthoIllinois during the three years preceding the filing of this application is attached at Attachment – 5.

- 4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including but not limited to: official records of DPH or other State agencies: the licensing or certification records of other states, when applicable, and the records of nationally recognized accreditation organizations.**

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

DISPLAY THIS PART IN A
CONSPICUOUS PLACE

HF 123148

Illinois Department of PUBLIC HEALTH



LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Ngozi O. Ezike, M.D.
Director

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
07/11/2022		7002835
Ambulatory Surgery Treatment Center		
Effective: 07/12/2021		

Rockford Orthopedic Surgery Center, LLC
346 Roxbury Rd
Rockford, IL 61107

Exp. Date 07/11/2022
Lic Number 7002835

Date Printed 06/11/2021

Rockford Orthopedic Surgery Center,
346 Roxbury Rd
Rockford, IL 61107-5090

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #19-493-001 10M 9/18

27

FEE RECEIPT NO.

Attachment - 5

#E-050-21



ACCREDITATION NOTIFICATION

February 24, 2020

Organization #	64665		
Organization Name	Rockford Orthopedic Surgery Center, LLC dba Orthollinois Surgery Center		
Address	346 Roxbury Rd,		
City State Zip	Rockford	IL	61107-5090
Decision Recipient	Mrs. Leslie Elmer, CPCS		
Survey Date	1/30/2020-1/31/2020	Type of Survey	Re-Accreditation
Accreditation Type	Full Accreditation		
Accreditation Term Begins	2/25/2020	Accreditation Term Expires	2/24/2023
Accreditation Renewal Code	C1E6377564665		

As an ambulatory health care organization that has undergone the AAAHC Accreditation Survey, your organization has demonstrated its substantial compliance with AAAHC Standards. The AAAHC Accreditation Committee recommends your organization for accreditation.

Next Steps

- Members of your organization should take time to thoroughly review your Survey Report.
 - Any standard rated less than "FC" (Fully Compliant) must be corrected promptly. Subsequent surveys by AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
 - The Summary Table provides an overview of compliance for each chapter applicable to your organization.
- AAAHC Standards, policies and procedures are reviewed and revised annually. You are invited to participate in the review through the public comment process each fall. Your organization will be notified when the proposed changes are available for review. You may also check the AAAHC website in late summer for details.
- Accredited organizations are required to maintain operations in compliance with the current AAAHC Standards and policies. Updates are published annually in the AAAHC *Handbooks*. Mid-year updates are announced and posted to the AAAHC website, www.aaahc.org.

Organization # 64665

Organization: Rockford Orthopedic Surgery Center, LLC dba Orthollinois Surgery Center

February 24, 2020

Page 2

4. In order to ensure uninterrupted accreditation, your organization should submit the *Application for Survey* approximately five months prior to the expiration of your term of accreditation. In states for which accreditation is mandated by law, the *Application* should be submitted six months in advance to ensure adequate time for scoping and scheduling the survey.

NOTE: You will need the Accreditation Renewal Code found in the table at the beginning of this document to submit your renewal application.

Additional Information

Throughout your term of accreditation, AAAHC will communicate announcements via e-mail to the primary contact for your organization. Please be sure to notify us (notifyeast@aaaahc.org) should this individual or his/her contact information change.

If you have questions or comments about the accreditation process, please contact AAAHC Accreditation Services at 847.853.6060. We look forward to continuing to partner with you to deliver safe, high-quality health care.

Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any health care facility owned or operated by Rockford Orthopedic Surgery Center, LLC d/b/a OrthoIllinois Surgery Center in the State of Illinois during the three-year period prior to filing this application.

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

Sincerely,

Print Name: 
Manager
Rockford Orthopedic Surgery Center, LLC
d/b/a OrthoIllinois Surgery Center

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

An organizational chart showing the current corporate structure of the entities listed below (the "Applicants"), along with the post-closing ownership structure of the Applicants is attached as Attachment – 4. Certificates of good standing for the applicants are also included in Attachment – 1.

- a. Rockford 346 MP RK6, LLC is a Delaware limited liability company and will be the entity that will hold title to the real property in which the ambulatory surgical treatment center is located.
- b. KAREP is a Delaware limited liability company. KAREP is a real estate operating company and is the controlling entity of Rockford 346 MP RK6, LLC and is consequently included as a co-applicant.
- c. OrthoIllinois is an Illinois limited liability company and the owner of the building housing the ambulatory surgical treatment center as well as the operator of the ambulatory surgical treatment center.

2. 1130.520(b)(1)(B) – Background of the Parties

Each of the Applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able, and have the qualifications, background, and character to adequately provide a proper standard of health service for the community.

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

3. 1130.520(b)(1)(C) – Structure of the Transaction

OrthoIllinois owns the property as well as operates an ambulatory surgical treatment center located at 346 Roxbury Road, Rockford, Illinois (the "Property"). Rockford 346 MP RK6, LLC, a Delaware limited liability company (the "Buyer") will acquire the Property from OrthoIllinois. The ambulatory surgical treatment center consists of 13,000 square feet.

This application for a certificate of exemption is for the change of ownership of the physical plant only and there will be no change to the operation of the ambulatory surgical treatment center.

The proposed change of ownership of the Property is subject to approval of COE by the HFSRB. The purchase price for the building is \$8,750,000. The Property will be conveyed to the Buyer through a special warranty deed which will be recorded with the Winnebago County Recorder of Deeds. Buyer is controlled by and majority owned by KAREP VI REOC, LLC, an REOC focused on investing in health care real estate.

The acquisition of the Property by the Buyer is not expected to result in any changes in the operations of the ambulatory surgical treatment center or the activities or operations conducted in the Property.

4. 1130.520(b)(1)(D) – Name of Licensed Entity After Transaction

OrthoIllinois will continue to be the licensed entity after the proposed transaction. There will be no change in the licensed entity as a consequence of the proposed transaction.

5. 1130.520(b)(1)(E) – List of Ownership or Membership Interest in the Licensed Entity Prior to and After the Transaction

An organizational chart showing the current ownership structure of the Applicants, along with the post-closing ownership structure, is included at Attachment - 4. Certificates of good standing for each of the Applicants are included in Attachment – 1.

6. 1130.520(b)(1)(F) – Fair Market Value of Assets to be Transferred

\$8,750,000, subject to post-closing adjustments.

7. 1130.520(b)(1)(G) – Purchase Price of Other Forms of Consideration to be Paid

\$8,750,000, subject to post-closing adjustments.

8. 1130.520(b)(2) – Affirmations

In accordance with 77 Ill. Admin. Code § 1130.520, each of the Applicants affirm.

- a. The transaction documents contain a provision that closing is subject to COE approval.
- b. No adverse action has been taken against any of the Applicants by the federal government, licensing or certification bodies, or any other agency of the State of Illinois against any health care facility owned or operated by any of the Applicants, directly or indirectly, within the past three (3) years.
- c. Any projects for which permits have been issued by the HFSRB have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Admin. Code § 1130.520.
- d. The Applicants understand that failure to complete the transaction in accordance with the applicable provisions of Section 1130.500(d) no later than 24 months from the date of exemption approval and failure to comply with the material change requirements of this Section will invalidate the exemption.

9. 1130.520(b)(3) – If Ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction.

Not applicable.

10. 1130.520(b)(4) – Anticipated Benefits to the Community

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

11. 1130.520(b)(5) – Anticipated or Potential Cost Savings

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

12. 1130.520(b)(6) – Quality Improvement Program

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

13. 1130.520(b)(7) – Selection Process for Governing Body

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

14. 1130.520(b)(9) – Change to Scope of Service or Levels of Care

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

Section IV – Charity Care Information

The table below provides charity care information for the most recent three years Orthollinois.

CHARITY CARE			
	2018	2019	2020
Net Patient Revenue	\$19,039,625	\$19,953,222	\$21,357,269
Amount of Charity Care (charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 04/2021 Edition**

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	16 – 19
2	Site Ownership	20
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	21 – 22
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	23 – 25
5	Background of the Applicant	26 – 30
6	Change of Ownership	31 – 33
7	Charity Care Information	34