

ILLINOIS HEALTH FACILITIES PLANNING BOARD  
APPLICATION FOR PERMIT

08-050

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION (IDEN)

RECEIVED

This section must be completed for all projects.

ORIGINAL

JUN 30 2008

A. Facility/Project Identification

HEALTH FACILITIES  
PLANNING BOARD

Facility Name Good Samaritan Physician and Ambulatory Services Building  
Street Address Veteran's Memorial Drive at 42<sup>nd</sup> Street City Mount Vernon  
County Jefferson Zip 62864 Illinois State Representative District 107

B. Applicant Identification (provide for each co-applicant [refer to Part 1130.220] and insert after this page)

Exact Legal Name Mount Vernon Physicians LLC  
Address 7101 West 78<sup>th</sup> Street, Suite 100, Minneapolis, Minnesota 55439  
Name of Registered Agent CT Corporation System Name of Chief Executive Officer David Frauenschuh Title Manager CEO Address 7101 West 78<sup>th</sup> Street, Suite 100, Minneapolis, Minnesota 55439 Telephone No. (952) 829-3467

Type of Ownership:  Non-profit Corporation  For-profit Corporation  Limited Liability Company  Partnership  Governmental  Sole Proprietorship  Other (specify) \_\_\_\_\_  
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.

APPEND DOCUMENTATION AS ATTACHMENT IDEN-1 AFTER THE LAST PAGE OF THIS SECTION.

C. Primary Contact Person (person who is to receive correspondence or inquiries during the review period)

Name Michael Warren Title Vice President  
Company Name Good Samaritan Regional Health Center  
Address 605 N. 12<sup>th</sup> Street Mount Vernon, IL 62864 Telephone No. (618)241-2202  
E-mail Address mike.warren@ssmhc.com Fax Number (618) 241-3847

D. Additional Contact Person (person such as consultant, attorney, financial representative, registered agent, etc. who also is authorized to discuss application and act on behalf of applicant)

Name Michael I. Copelin Title President  
Company Name Copelin Healthcare Consulting, Inc.  
Address 42 Birch Lake Drive Sherman, IL 62684  
Telephone No. (217)496-3712 E-mail Address micbball@aol.com Fax Number (217)496-3097

E. Post Permit Contact Person (person to whom all correspondence and inquiries pertaining to the project subsequent to permit issuance are to be directed)

Name Michael Warren Title Vice President  
Company Name Good Samaritan Regional Health Center  
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Telephone No. (618)241-2202  
E-mail Address mike.warren@ssmhc.com Fax Number (618) 241-3847

F. Site Ownership (complete this information for each applicable site and insert after this page)

/

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Exact Legal Name Good Samaritan Regional Health Center  
Address 605 N. 12<sup>th</sup> Street Mount Vernon, IL 62864  
Name of Registered Agent Leo F. Childers, Jr. Name of Chief Executive Officer Leo F. Childers, Jr.  
Title President CEO Address 605 N. 12<sup>th</sup> Street Mount Vernon, IL 62864  
Telephone No. (618) 241-2201 Type of Ownership:  Non-profit Corporation  For-profit Corporation  Limited Liability Company  Partnership  Governmental  Sole Proprietorship  Other (specify) \_\_\_\_\_

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**B. Applicant Identification** (provide for each co-applicant [refer to Part 1130.220] and insert after this page)

Exact Legal Name SSM Health Care Corporation Address 477 N. Lindbergh Blvd., St. Louis, MO 63141 Name of Registered Agent Leo F. Childers, Jr. Name of Chief Executive Officer Sr. Mary Jean Ryan Title President & Chief Executive Officer CEO Address 477 N. Lindbergh Blvd., St. Louis, MO 63141 Telephone No. (314) 994-7800  
Type of Ownership:  Non-profit Corporation  For-profit Corporation  Limited Liability Company  Partnership  Governmental  Sole Proprietorship  Other (specify) \_\_\_\_\_  
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F. **Site Ownership** (complete this information for each applicable site and insert after this page)  
Exact Legal Name of Person Who Owns Site Good Samaritan Regional Health Center  
Address of Site Owner 605 N. 12<sup>th</sup> Street Mount Vernon, IL 62864  
Street Address or Legal Description of Site Veteran's Memorial Drive at 42<sup>nd</sup> Street Mount Vernon, IL 62864 (Legal Description is attached).

G. **Operating Entity/Licensee** (complete this information for each applicable facility and insert after this page)  
Exact Legal Name Mount Vernon Physicians, LLC  
Address 7101 West 78<sup>th</sup> Street, Suite 100, Minneapolis, Minnesota 55439

Type of Ownership:  Non-profit Corporation  For-profit Corporation  Limited Liability Company  Partnership  Governmental  Sole Proprietorship  Other (specify) \_\_\_\_\_  
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**APPEND DOCUMENTATION AS ATTACHMENT IDEN-2 AFTER THE LAST PAGE OF THIS SECTION.**

H. **Organizational Relationships**  
Provide (for each co-applicant) an organization chart containing the name and relationship of any person who is related (related person is defined in Part 1130.140). If the related person 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 IDEN-3 AFTER THE LAST PAGE OF THIS SECTION.**

I. **Status of Previous Certificate of Need Projects**  
Provide the project number for any of the applicant's projects that have received permits but are not yet complete (completion is defined in Part 1130.140) and provide the current status of the project. If all projects are complete, indicate NONE: NONE

J. **Flood Plain Requirements** (refer to instructions for completion of this application)  
Provide documentation regarding compliance with the Flood Plain requirements of Executive Order #4, 1979.

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-4 AFTER THE LAST PAGE OF THIS SECTION.**

K. **Historic Resources Preservation Act Requirements** (refer to instructions for completion of this application)  
Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-5 AFTER THE LAST PAGE OF THIS SECTION.**

**L. Project Classification** (check those applicable, refer to Part 1110.40 and Part 1120.20.b)

1. Part 1110 Classification

- Substantive  
 Non-substantive

2. Part 1120 Applicability or Classification: (check one only)

- Part 1120 Not Applicable  
 DHS or DVA Project  
 Category A Project  
 Category B Project

**M. Narrative Description**

Provide in the space below a brief narrative description of the project. Explain what is to be done, NOT why it is being done. Include the rationale as to the project's classification as substantive or non-substantive. If the project site does NOT have a street address, include a legal description of the site.

**The applicants propose to construct a medical office building (MOB) on property leased from Good Samaritan Regional Health Center. The MOB will consist of five floors (garden level, first, second, third and fourth floors), with a total of 141,139 gross square feet.**

**The proposed project will be contiguous and connected to the proposed new replacement Good Samaritan Regional Health Center, Mount Vernon. A separate Certificate of Need (CON) is being filed for the replacement hospital.**

**The garden level will include space leased to Good Samaritan Regional Health Center for non-clinical support services. The first level will include leased medical offices as well as space leased to Good Samaritan Regional Health Center for outpatient clinical services. The second level will include a proposed Non-Hospital Based Ambulatory Surgical Treatment Center, for which a separate CON is being filed; leased medical offices; and space leased to Good Samaritan Regional Health Center for non-clinical support services. The third level will include space leased to Good Samaritan Regional Health Center for outpatient clinical services and leased medical offices. The fourth level will include leased medical offices and a corridor to the new hospital.**

**The MOB will be owned by Mount Vernon Physicians, LLC. The building will sit on land leased long-term from Good Samaritan Regional Health Center.**

**This is a non-substantive project as it consists solely of a medical office building providing only outpatient services. It is a category "B" project because the proposed cost exceeds two million dollars.**

**N. Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1190.40.b) of the component must be included in the estimated project cost. If the project contains components that are not related to the provision of health care, complete an additional table for the portions that are solely for health care and insert that table following this page (e.g. separate a nursing home's costs from the components of a retirement community; separate patient care area costs from a hospital project that includes a parking garage).

<b>PROJECT COST AND SOURCES OF FUNDS-TOTAL</b>	
Preplanning Costs	35,000
Site Survey and Soil Investigation	29,000
Site Preparation	765,000
Off Site Work	
New Construction Contracts	30,303,939
Modernization Contracts	
Contingencies	2,675,535
Architectural/Engineering Fees	1,890,948
Consulting and Other Fees	2,077,131
Movable or Other Equipment (not in construction contracts)	3,629,500
Bond Issuance Expense (project related)	
Net Interest Expense During Construction (project related)	1,909,771
Fair Market Value of Leased Space or Equipment	
Other Costs To Be Capitalized	142,523
Acquisition of Building or Other Property (excluding land)	
<b>ESTIMATED TOTAL PROJECT COST</b>	<b>\$43,458,347</b>

Cash and Securities	\$14,474,521
Pledges	
Gifts and Bequests	
Bond Issues (project related)	
Mortgages	\$28,983,820
Leases (fair market value)	
Governmental Appropriations	
Grants	
Other Funds and Sources	
<b>TOTAL FUNDS</b>	<b>\$43,458,347</b>

**N. Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1190.40.b) of the component must be included in the estimated project cost. If the project contains components that are not related to the provision of health care, complete an additional table for the portions that are solely for health care and insert that table following this page (e.g. separate a nursing home's costs from the components of a retirement community; separate patient care area costs from a hospital project that includes a parking garage).

<b>PROJECT COST AND SOURCES OF FUNDS - Clinical</b>	
Preplanning Costs	\$20,411
Site Survey and Soil Investigation	\$16,913
Site Preparation	\$446,130
Off Site Work	
New Construction Contracts	\$17,746,137
Modernization Contracts	
Contingencies	\$1,476,531
Architectural/Engineering Fees	\$1,025,377
Consulting and Other Fees	\$1,204,273
Movable or Other Equipment (not in construction contracts)	\$3,629,500
Bond Issuance Expense (project related)	\$
Net Interest Expense During Construction (project related)	\$1,113,735
Fair Market Value of Leased Space or Equipment	
Other Costs To Be Capitalized	\$83,117
Acquisition of Building or Other Property (excluding land)	
<b>ESTIMATED TOTAL PROJECT COST</b>	<b>\$26,762,124</b>

Cash and Securities	\$8,913,571
Pledges	
Gifts and Bequests	
Bond Issues (project related)	
Mortgages	\$17,848,553
Leases (fair market value)	
Governmental Appropriations	
Grants	
Other Funds and Sources	
<b>TOTAL FUNDS</b>	<b>\$26,762,124</b>

**N. Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1190.40.b) of the component must be included in the estimated project cost. If the project contains components that are not related to the provision of health care, complete an additional table for the portions that are solely for health care and insert that table following this page (e.g. separate a nursing home's costs from the components of a retirement community; separate patient care area costs from a hospital project that includes a parking garage).

<b>PROJECT COST AND SOURCES OF FUNDS - Non-Clinical</b>	
Preplanning Costs	\$14,589
Site Survey and Soil Investigation	\$12,087
Site Preparation	\$318,870
Off Site Work	
New Construction Contracts	\$12,557,802
Modernization Contracts	
Contingencies	\$1,199,004
Architectural/Engineering Fees	\$865,571
Consulting and Other Fees	\$872,858
Movable or Other Equipment (not in construction contracts)	
Bond Issuance Expense (project related)	
Net Interest Expense During Construction (project related)	\$796,036
Fair Market Value of Leased Space or Equipment	
Other Costs To Be Capitalized	\$59,406
Acquisition of Building or Other Property (excluding land)	
<b>ESTIMATED TOTAL PROJECT COST</b>	<b>\$16,696,223</b>

Cash and Securities	\$5,560,956
Pledges	
Gifts and Bequests	
Bond Issues (project related)	
Mortgages	\$11,135,267
Leases (fair market value)	
Governmental Appropriations	
Grants	
Other Funds and Sources	
<b>TOTAL FUNDS</b>	<b>\$16,696,223</b>

**O. Related Project Costs**

1. 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:

No land acquisition is related to project; Purchase Price \$ \_\_\_\_\_ ; Fair Market Value\$ \_\_\_\_\_

2. Does the project involve establishment of a new facility or a new category of service?  Yes  
 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 \$ \_\_\_\_\_.

**P. Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

None or not applicable       Schematics     Preliminary       Final Working

1. Provide the following dates (indicate N/A for any item that is not applicable):

25% of project costs expended 11/30/2009      50% of project costs expended 5/31/2010  
 75% of project costs expended 10/31/2010      95% of project costs expended 03/31/2011  
 100% of project costs expended 7/31/2011      Midpoint of construction date 03/31/2010  
 Anticipated project completion date (refer to Part 1130.140) 3/31/2012

3. Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

- Purchase orders, leases, or contracts pertaining to the project have been executed;  
 Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON contingencies.  
 Project obligation will occur after permit issuance.

**APPEND DOCUMENTATION AS ATTACHMENT INFO-6 AFTER THE LAST PAGE OF THIS SECTION.**

**O. Cost/Space Requirements**

Provide in the format of the following example the gross square footage (GSF) and the attributable portion of total project cost for each department/area. Identify each piece of major medical equipment. 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 measurement plus the department or area's portion of the surrounding circulation space. Indicate the proposed use of any vacated space.

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total GSF That Is:			Vacated Space
		Existing	Proposed	New Const.	Remodeled	As is	
Dietary	\$1,150,000	3,000	6,000	3,000	1,000	2,000	
Radiation Therapy	3,250,000*	4,000(1)	5,500	5,500			
Medical Records	300,000	2,500	6,500	4,000(1)	2,500		
<b>TOTAL</b>	<b>4,700,000</b>	<b>9,500</b>	<b>18,000</b>	<b>8,500</b>	<b>5,000</b>	<b>4,500</b>	

\*Includes \$1,500,000 for an 18 MEV linear accelerator  
 (1) Existing radiation therapy space will be vacated and remodeled and converted to medical records.

**APPEND DOCUMENTATION AS ATTACHMENT INFO-7 AFTER THE LAST PAGE OF THIS SECTION.**

**R. Facility Bed Capacity and Utilization**

Complete the following chart as applicable. Complete a separate chart for each facility that is part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest 12 month period for which data is available. Any bed capacity discrepancy from the Inventory will result with the application being deemed incomplete.

FACILITY NAME Good Samaritan Regional Health Center CITY Mount Vernon

REPORTING PERIOD DATES: From 1/1/2007 to 12/31/2007

Category of Service	Existing # of Beds	Number of Admissions	Patient Days	Bed Changes	Proposed # of Beds
Medical/Surgical	106	6,015	24,506		
Pediatrics	16	146	296		
Obstetrics	6	1,006	1,861		
Intensive Care	10	904	3,128		
Neonatal ICU					
Acute Mental Illness					
Rehabilitation	23	240	2,819		
Nursing Care					
Sheltered Care					
Other (identify)					
Other (identify)					
Other (identify)					
<b>TOTAL</b>	161	8,311	32,610		

**Note: Bed Changes will be reflected in replacement hospital CON, and the above patient days do not include observation days. (509 MS, 36 Peds 4 ICU, and 88 in OB).**

- Is the facility certified for participation in the Medicare "swing bed" (i.e. acute care beds certified for extended care) program?  Yes  No
- For the following categories of service, indicate the number of existing beds that are Medicare certified and the number of existing beds that are Medicaid certified (if none, so indicate):

Service	# Medicare Beds	# Medicaid Beds
Nursing Care	_____	_____
ICF/DD Adult	_____	_____
Children DD	_____	_____

S. Certification

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) 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. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant and for each of the co-applicants.

This Application for Permit is filed on behalf of MOUNT VERNON PHYSICIANS, 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 for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

[Signature]  
Signature  
Printed Name Ronald J Smith  
Printed Title Principal

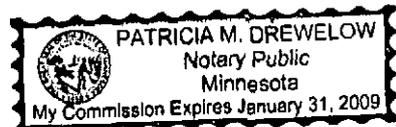
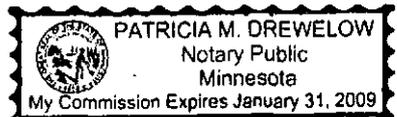
[Signature]  
Signature  
Printed Name Richard V. Wicka  
Printed Title Managing Principal

Notarization:  
Subscribed and sworn to before me  
this 17<sup>th</sup> day of June, 2008  
[Signature]  
Signature of Notary

Notarization:  
Subscribed and sworn to before me  
this 17<sup>th</sup> day of June, 2008  
[Signature]  
Signature of Notary

Seal

Seal



\*Insert EXACT legal name of the applicant

S. Certification

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) 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. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant and for each of the co-applicants.

This Application for Permit is filed on behalf of GOOD SAMARITAN REGIONAL HEALTH 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 for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

Sr. Mary Jean Ryan, FSM  
Signature

Printed Name Sr. Mary Jean Ryan, FSM

Printed Title President/CEO

William C. Schoenhard  
Signature

Printed Name William C. Schoenhard

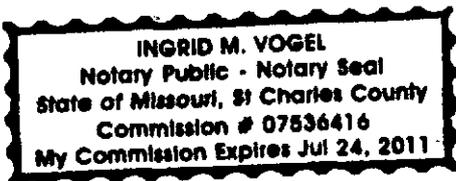
Printed Title Executive Vice President/COO

Notarization:

Subscribed and sworn to before me this 10<sup>th</sup> day of June 2008

Ingrid M. Vogel  
Signature of Notary

Seal

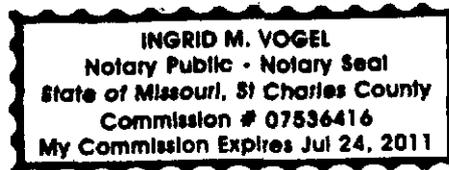


Notarization:

Subscribed and sworn to before me this 10<sup>th</sup> day of June 2008

Ingrid M. Vogel  
Signature of Notary

Seal



**S. Certification**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) 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. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant and for each of the co-applicants.

This Application for Permit is filed on behalf of SSM Regional Health Services  
\* 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 for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

Sr. Mary Jean Ryan, FSM  
Signature

Printed Name Sr. Mary Jean Ryan, FSM

Printed Title President/CEO

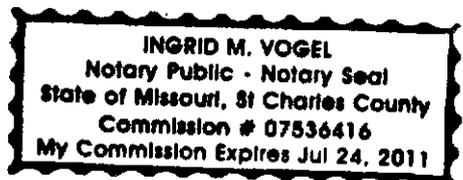
William C. Schoenhard  
Signature

Printed Name William C. Schoenhard

Printed Title Executive Vice President/COO

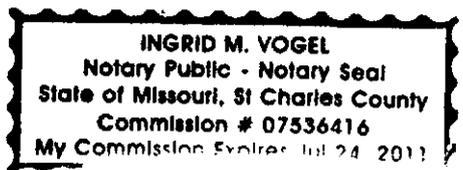
Notarization:  
Subscribed and sworn to before me  
this 16<sup>th</sup> day of June 2008  
Ingrid M. Vogel  
Signature of Notary

Seal



Notarization:  
Subscribed and sworn to before me  
this 16<sup>th</sup> day of June 2008  
Ingrid M. Vogel  
Signature of Notary

Seal



**S. Certification**

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This Application for Permit is filed on behalf of SSM Health Care Corporation  
\* 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 for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

Sr. Mary Jean Ryan, FSM  
Signature

Printed Name Sr. Mary Jean Ryan, FSM

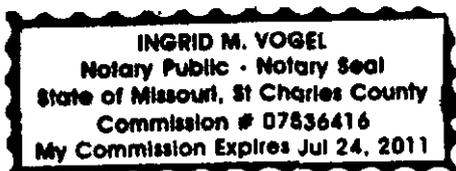
Printed Title President/CEO

Notarization:

Subscribed and sworn to before me  
this 16<sup>th</sup> day of June 2008

Ingrid M. Vogel  
Signature of Notary

Seal



William C. Schoenhard  
Signature

Printed Name William C. Schoenhard

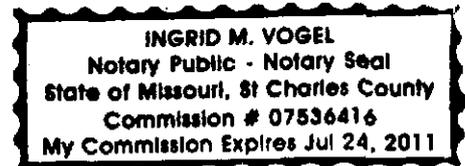
Printed Title Executive Vice President/COO

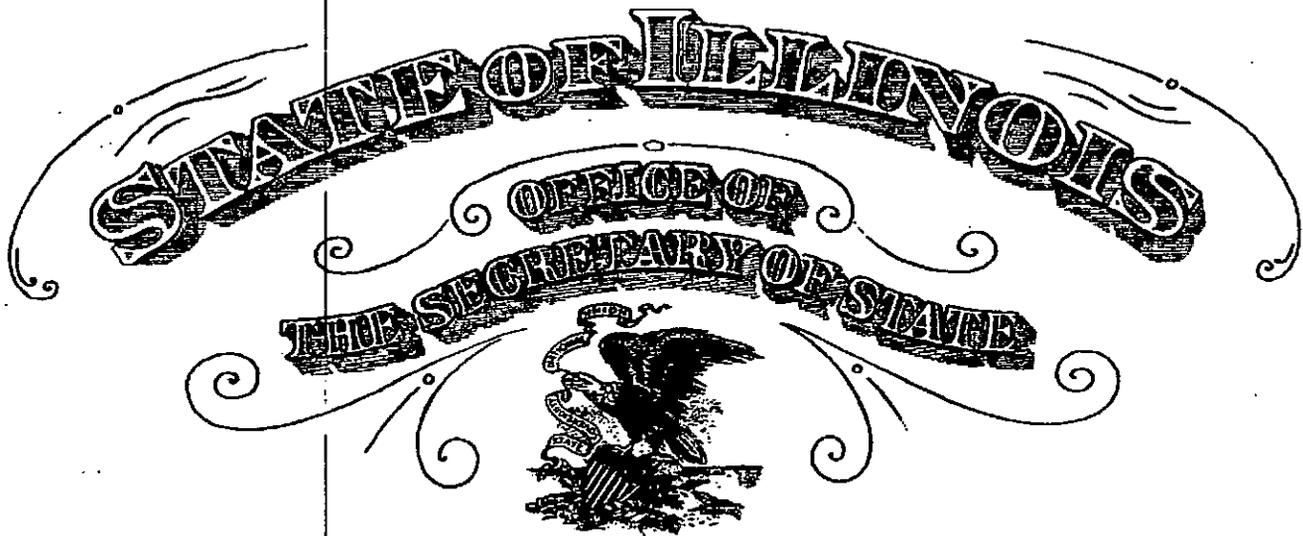
Notarization:

Subscribed and sworn to before me  
this 16<sup>th</sup> day of June 2008

Ingrid M. Vogel  
Signature of Notary

Seal





To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

MOUNT VERNON PHYSICIANS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 10, 2007, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

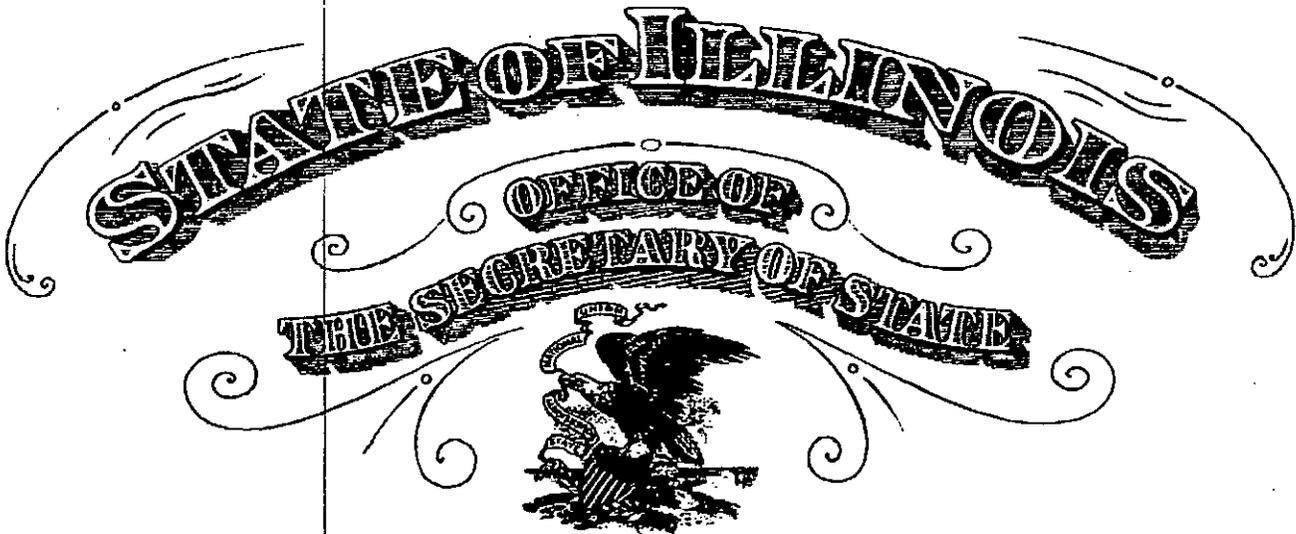
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 29TH day of MARCH A.D. 2008



Jesse White

SECRETARY OF STATE

Authentication #: 0808900366  
Authenticate at: <http://www.cyberdriveillinois.com>



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

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

GOOD SAMARITAN REGIONAL HEALTH CENTER, INCORPORATED IN MISSOURI AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JANUARY 22, 1996, 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 A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.



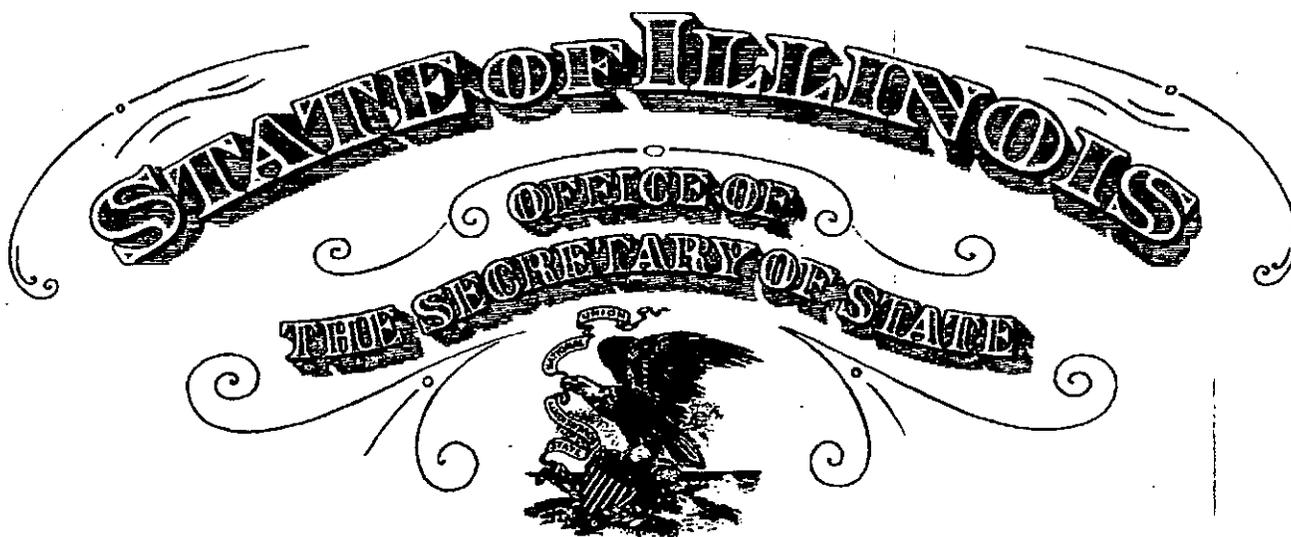
Authentication #: 0808900368

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

**In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 29TH day of MARCH A.D. 2008**

*Jesse White*

SECRETARY OF STATE



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

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

SSM HEALTH CARE CORPORATION, INCORPORATED IN MISSOURI AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON OCTOBER 23, 1952, 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 A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS 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 29TH day of MARCH A.D. 2008*

*Jesse White*

Authentication #: 0808900374

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

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

SSM REGIONAL HEALTH SERVICES, INCORPORATED IN MISSOURI AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON OCTOBER 18, 1999, 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 A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

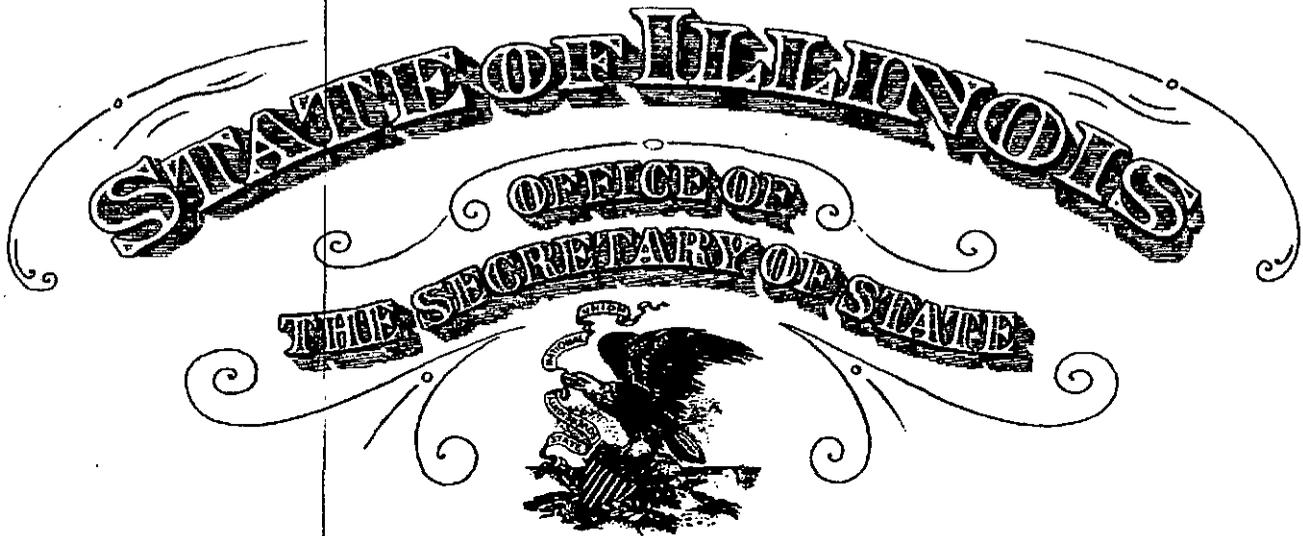
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 6TH day of JUNE A.D. 2008 .



Authentication #: 0815802242  
Authenticate at: <http://www.cyberdriveillinois.com>

Jesse White

SECRETARY OF STATE



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

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

MOUNT VERNON PHYSICIANS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 10, 2007, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



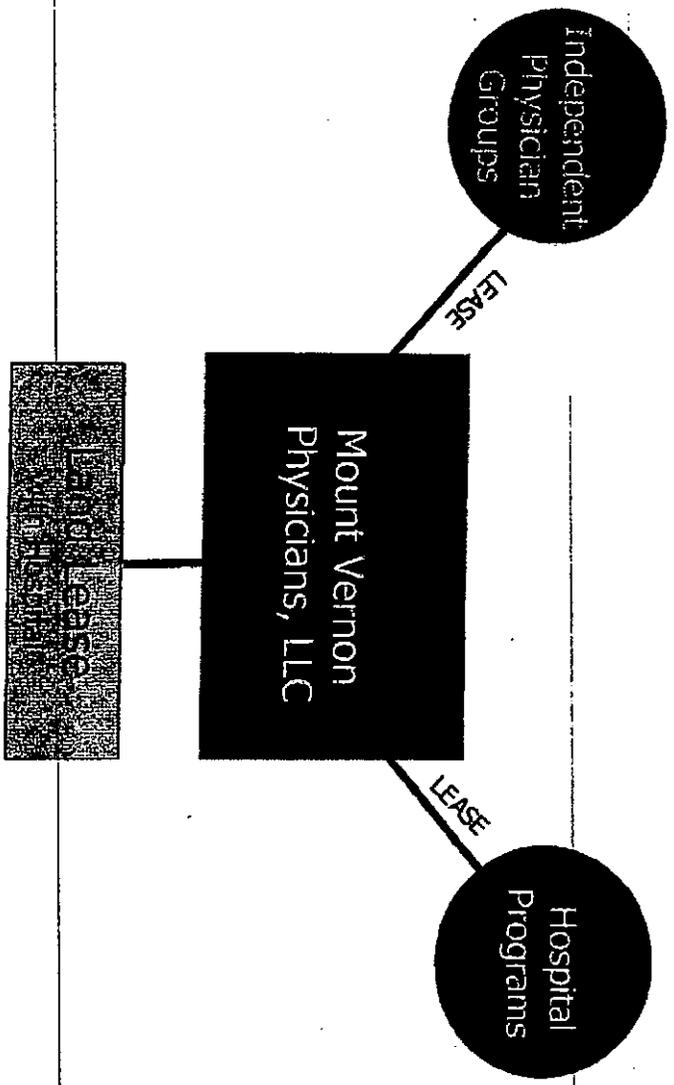
Authentication #: 0808900366

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

*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 29TH day of MARCH A.D. 2008*

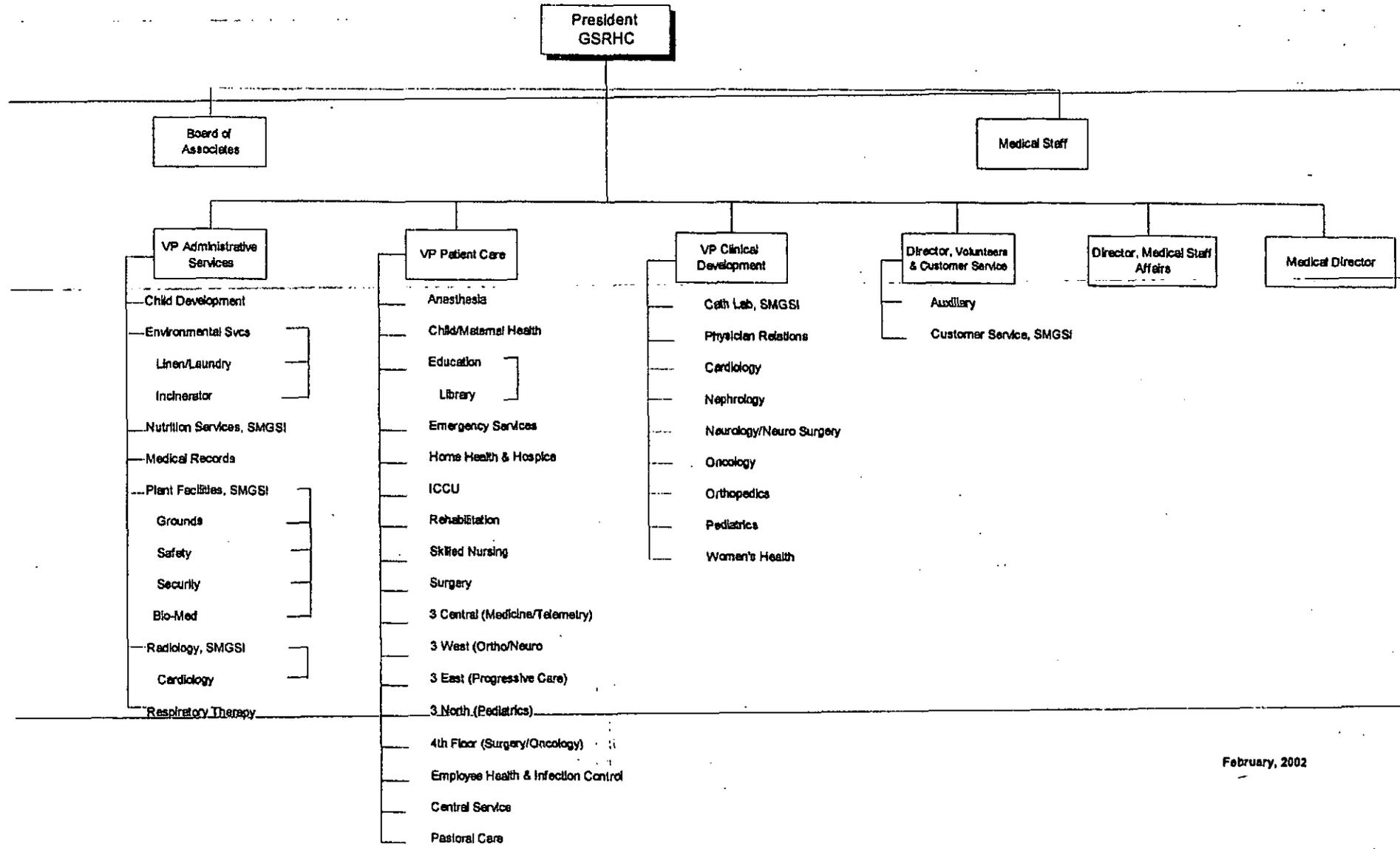
*Jesse White*

SECRETARY OF STATE





GOOD SAMARITAN REGIONAL HEALTH CENTER, Mt. Vernon, IL



February, 2002

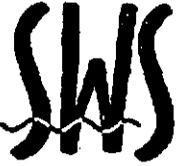
ATTACHMENT IDEN-3

23



# Illinois State Water Survey

Main Office • 2204 Griffith Drive • Champaign, IL 61820-7495 • Tel (217) 333-2210 • Fax (217) 333-6540  
 Peoria Office • P.O. Box 697 • Peoria, IL 61652-0697 • Tel (309) 671-3196 • Fax (309) 671-3106



## Special Flood Hazard Area Determination pursuant to Governor's Executive Order 5 (2006) (supersedes Governor's Executive Order 4 (1979))

Requester: Michael I. Copelin  
 Address: Copelin Healthcare Consulting, 42 Birch Lake Dr.  
 City, state, zip: Sherman, IL 62684 Telephone: (217) 496-3712

### Site description of determination:

Site address: SE corner Veterans Memorial Dr. & 42nd St.  
 City, state, zip: Mt Vernon, IL  
 County: Jefferson Sec/4: N 1/2 Section: 1 T. 3 S. R. 2 E. PM: 3rd  
 Subject area: Approximately the E 1500 ft of the W 3100 ft of the N 1700 ft of Sec. 1, T. 3 S., R. 2 E., 3rd P.M.,  
 Jefferson County IL.

The property described above IS NOT located in a Special Flood Hazard Area or a shaded Zone X floodzone.

Floodway mapped: N/A Floodway on property: No  
 Sources used: FEMA Flood Hazard Boundary Map (FHBM, annotated copy attached), "existing" site topo (n.d.) site boundary.  
 Community name: Jefferson County Uninc. Areas Community number: 170305  
 Panel/map number: 170305 18 A Effective Date: March 4, 1977  
 Flood zone: C Base flood elevation: N/A ft NGVD 1929

- N/A a. The community does not currently participate in the National Flood Insurance Program (NFIP).  
 NFIP flood insurance is not available; certain State and Federal assistance may not be available.  
N/A b. Panel not printed: no Special Flood Hazard Area on the panel (panel designated all Zone C or unshaded X).  
N/A c. No map panels printed: no Special Flood Hazard Areas within the community (NSFHA).

### The primary structure on the property:

- N/A d. Is located in a Special Flood Hazard Area. Any activity on the property must meet State, Federal, and local floodplain development regulations. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by the building.  
N/A e. Is located in shaded Zone X or B (500-yr floodplain). Conditions may apply for local permits or Federal funding.  
X f. Is not located in a Special Flood Hazard Area or 500-year floodplain area shown on the effective FEMA map.  
N/A g. A determination of the building's exact location cannot be made on the current FEMA flood hazard map.  
N/A h. Exact structure location is not available or was not provided for this determination.

Note: This determination is based on the current Federal Emergency Management Agency (FEMA) flood hazard map for the community. This letter does not imply that the referenced property will or will not be free from flooding or damage. A property or structure not in a Special Flood Hazard Area may be damaged by a flood greater than that predicted on the FEMA map or by local drainage problems not mapped. This letter does not create liability on the part of the Illinois State Water Survey, or employee thereof for any damage that results from reliance on this determination. This letter does not exempt the project from local stormwater management regulations.

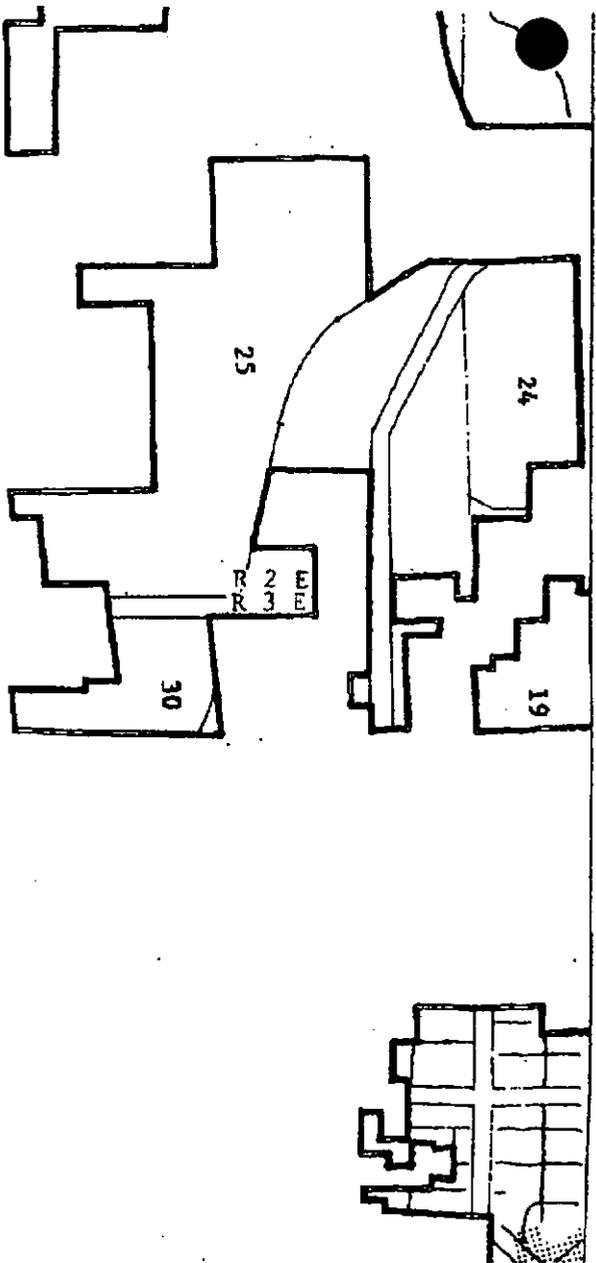
Questions concerning this determination may be directed to Bill Saylor (217/333-0447) at the Illinois State Water Survey. Questions concerning requirements of Governor's Executive Order 5 (2006), or State floodplain regulations, may be directed to Paul Osman (217/782-3862) at the IDNR Office of Water Resources.

William Saylor  
 William Saylor, CFM #11-02-06107, Illinois State Water Survey

Title: ISWS Surface Water & Floodplain Information Date: 3/28/2008

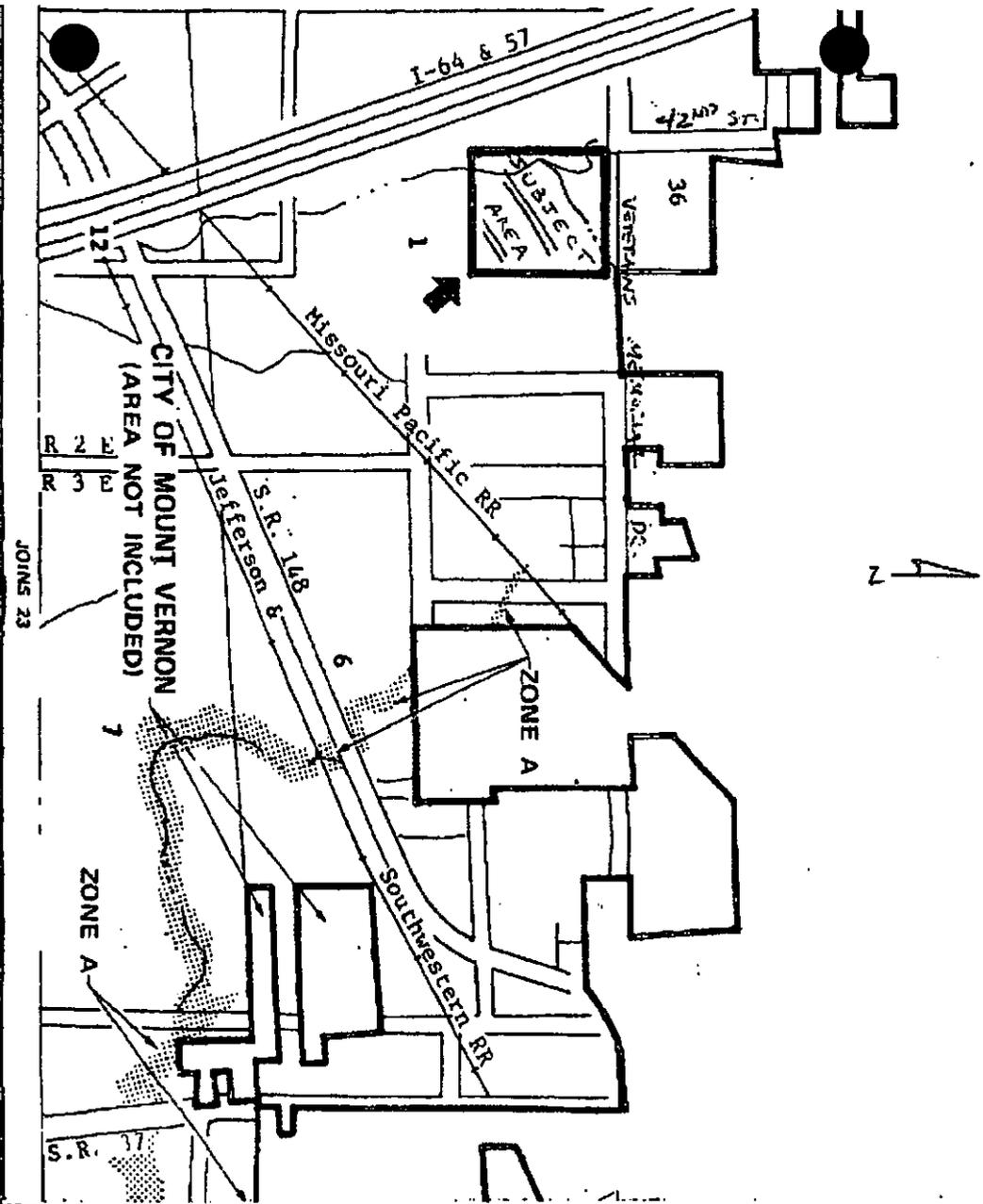
Printed on recycled paper

LEGEND ON REVERSE

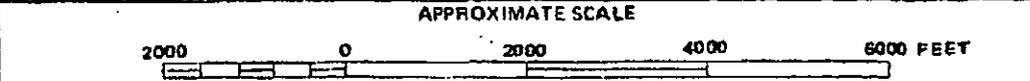


JOINS 13

CITY OF MOUNT VERNON  
(AREA NOT INCLUDED)



CITY OF MOUNT VERNON  
(AREA NOT INCLUDED)



FLOOD HAZARD BOUNDARY MAP

EFFECTIVE DATE  
MARCH 4, 1977

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Federal Insurance Administration  
JEFFERSON CO., IL  
(UNINC. AREAS)

170305

18 A

W.S./suds 3/28/7008  
ATTACHMENT IDEN-4

25

**LEGEND**

**SPECIAL FLOOD HAZARD  
AREA**



Note: These maps may not include all Special Flood Hazard Areas in the community. After a more detailed study, the Special Flood Hazard Areas shown on these maps may be modified, and other areas added.

CONSULT NFIA SERVICING COMPANY OR LOCAL INSURANCE AGENT OR BROKER TO DETERMINE IF PROPERTIES IN THIS COMMUNITY ARE ELIGIBLE FOR FLOOD INSURANCE.

INITIAL IDENTIFICATION DATE:  
MARCH 4, 1977

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Federal Insurance Administration

FLOOD HAZARD BOUNDARY MAP H - 01-40

**MAP INDEX**

JEFFERSON CO., IL  
(UNINC. AREAS)

COMMUNITY NO. 170305A



**Illinois Historic  
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • [www.illinois-history.gov](http://www.illinois-history.gov)

Jefferson County  
Mt. Vernon

CON - New Construction of Replacement Hospital and Medical Office Building  
SE Corner 42nd St. and Veterans Memorial Dr.  
IHPA Log #013032708

April 7, 2008

Michaël Copelin  
Copelin Health Care Consulting  
42 Birch Lake Dr.  
Sherman, IL 62684

Dear Mr. Copelin:

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

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

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

If you have any further questions, please contact Patrick Gleason, Cultural Resources Manager, 1 Old State Capitol Plaza, Springfield, IL 62701, 217/785-3977.

Sincerely,

*Anne E. Haaker*

Anne E. Haaker  
Deputy State Historic  
Preservation Officer

<u>AREA</u>	<u>CLINICAL SPACE NEW CONSTRUCTION (GSF)</u>	<u>COST</u>
Outpatient Women's Center	5,335	\$1,751,055
Outpatient Cardiac Rehab	4,277	\$1,403,796
Outpatient Imaging	9,012	\$2,957,915
Outpatient PT and OT	7,945	\$2,607,705
Laboratory	7,078	\$2,323,138
Physician's Office Practice Space	34,859	\$7,582,391
ASTC*	13,675	\$4,478,781
Med Gases	128	\$27,843
Equipment		<u>\$3,629,500</u>
<b>TOTALS</b>	<u>77,598</u>	<b>\$26,762,124</b>

**\*The need for the ASTC will be addressed in a separate CON application which will be filed simultaneously with this application**

<u>AREA</u>	<u>NON-CLINICAL SPACE NEW CONSTRUCTION (GSF)</u>	<u>COST</u>
Vertical Circulation	6,957	\$1,513,258
General Circulation (Common Area)	16,646	\$3,620,771
SSM Leased Space Circulation	5,525	\$1,813,413
SSM Administration	14,925	\$4,898,677
Medical Records	8,775	\$2,880,127
Anesthesia Offices	1,374	\$ 450,976
Human Services	4,628	\$1,519,001
<b>Totals</b>	<b>58,830</b>	<b>\$16,696,223</b>

ATTACHMENT INFO 7 NON CLINICAL

### SECTION III. GENERAL REVIEW CRITERIA

This section is applicable to all projects EXCEPT those projects that are solely for discontinuation with no project costs and those projects that are non-substantive and subject only to a Part 1120 review. Refer to Part 1110.40 for the requirement for non-substantive projects.

#### A. Criterion 1110.230.a, Location

Check if the project will result in any of the following:  establishment of a health care facility;  establishment of a category of service;  acquisition of major medical equipment (for treating inpatients) that is not or will not be located in a health care facility and is not being acquired by or on behalf of a health care facility. If NO boxes are checked, this criterion is not applicable. If any box is checked, read the criterion and submit the following:

1. A map (8 1/2" x 11") of the area showing:
  - a. the location of the applicant's facility or project;
  - b. the name and location of all the other facilities providing the same service within the planning area and surrounding planning areas within 30 minutes travel time of the proposed facility;
  - c. the distance (in miles) and the travel time (under normal driving conditions) from the applicant's facility to each of the facilities identified in b. above;
  - d. an outline of the proposed target population area.
2. For existing facilities, provide patient origin data for all admissions for the last 12 months presented by zip code. Note this information must be based upon the patient's legal residence other than a health care facility for the last 6 months immediately prior to admission. For all other projects for which referrals are required patient origin data for the referrals must be provided.
3. The ratio of beds to population (population will be based upon the latest census data by zip code) within 30 minutes travel time of the proposed project.
4. The status of the project in the zoning process. Provide letter(s) from the appropriate local officials.
5. Evidence of legal site ownership, possession, or option to purchase or lease.

APPEND DOCUMENTATION AS ATTACHMENT GRC-1 AFTER THE LAST PAGE OF THIS SECTION.

**B. Criterion 1110.230.b, Background of Applicant**

Read the criterion and submit the following information:

1. A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.
2. Proof of current licensing and, if applicable, certification and accreditation of all health care facilities owned or operated by the applicant.
3. A certification from the applicant listing any adverse action taken against any facility owned or operated by the applicant during the three (3) years prior to the filing of the application.
4. Authorization(s) permitting the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any action by the State Board.**

**APPEND DOCUMENTATION AS ATTACHMENT GRC-2 AFTER THE LAST PAGE OF THIS SECTION.**

**C. Criterion 1110.230.c, Alternatives to the Proposed Project**

Read the criterion and provide the following information:

1. Provide a comparison of all of the alternatives considered including the alternative of doing nothing. The comparison must address cost benefit analyses, patient access, quality, and short and long-term financial benefits.
2. Discuss why the alternative of using other area facilities or resources to meet the needs identified in your project is not feasible.
3. Discuss why the alternative of utilizing underutilized bed or other space in the facility is not feasible.
4. If the alternative selected is based solely or in part on improved quality of care, provide empirical evidence (including quantified outcome data) that verifies improved quality of care.

**APPEND DOCUMENTATION AS ATTACHMENT GRC-3 AFTER THE LAST PAGE OF THIS SECTION.**

**D. Criterion 1110.230.d, Need for the Project**

Is the need for the project based upon need assessment per Part 1100 or a variance?  Yes  No.

If no is indicated, read the criterion and submit the following as applicable:

1. Copies of area market studies including explanations regarding how and when these studies were performed.
2. Calculation of the need for the beds or services including the models used to estimate the need (all assumptions used in the model and the mathematical calculations must be included).
3. Identification of the individuals likely to use the proposed beds or service by:

Provide letters from physicians or hospitals which document how many patients were referred for this service in the past 12 months, where the patients were referred and how many patients will be referred annually to the proposed project.

- I 4. If the project is for the acquisition of major medical equipment that does NOT result in the establishment of a category of service, provide documentation that the equipment will achieve or exceed the applicable target utilization levels specified in Appendix B of Part 1110 within 12 months after acquisition.

**APPEND DOCUMENTATION AS ATTACHMENT GRC-4 AFTER THE LAST PAGE OF THIS SECTION.**

**E. Criterion 1110.230.e, Size of Project**

Read the criterion and provide the following:

1. For any department involved in this project that has a square footage which exceeds the State Norm found in Appendix B of Part 1110 or if no State Norm is shown in Appendix B, provide:
  - a. a rationale explaining how the proposed square footage was determined;
  - b. copies of any standards used to determine appropriate square footage;
  - c. architectural drawings showing any design impediments in the existing facility; and
  - d. if the project is for the conversion of beds from one category of service to another an explanation as to why the excess space within the facility cannot be more appropriately used for other purposes.

**APPEND DOCUMENTATION AS ATTACHMENT GRC-5 AFTER THE LAST PAGE OF THIS SECTION.**

2. If the project involves a category of service for which the State Board has established utilization targets, provide the following:
  - a. projected utilization for the first two years of operation after project completion;
  - b. an explanation regarding how these projections were developed;

- c. copies of any contracts with new physicians or professional staff;
- d. a list of any new procedures which will affect the workload of the facility.

**APPEND DOCUMENTATION AS ATTACHMENT GRC-6 AFTER THE LAST PAGE OF THIS SECTION.**

## **Criterion 1110.230.c, Alternatives to the Proposed Project**

The application proposes the construction of a medical office building (MOB), to be built adjacent and at the same time as the proposed replacement facility for Good Samaritan Regional Health Center. During the planning for the replacement complex, the following alternatives were considered specifically regarding the need for the medical office space.

1. **Do not construct a MOB at the new site. (Do Nothing)**

This alternative was rejected early in the planning process for the following reasons:

- The proposed new site has been planned to represent and provide state-of-the-art health care services to the population who rely on Good Samaritan Regional Health Center for care. Convenient access to inpatient and outpatient services, including personal physician care, is an integral part of this plan.
- Good Samaritan Regional Health Center has had and continues to have success in recruiting needed physicians to southern Illinois. However, part of the difficulty in persuading physicians to locate and practice in a rural area relates to the availability of modern, convenient health care and office facilities. The ability to offer a state-of-the-art medical building, with easy access to hospital facilities and services, is a key ingredient in physician recruitment.
- The proposed new site is situated in an extremely convenient location, directly adjacent to a new interchange/overpass at Interstate 57 and Veteran's Memorial Drive. Absent the plans to build a new hospital on the same site, this would still be a most desirable location for medical offices,

The cost of this alternative is \$0, but it also has an overall negative impact on the community to be served.

2. **Convert the existing hospital building, once the new hospital is operational, to medical office use.**

This alternative was not chosen for several reasons:

- The current hospital structure is located in the middle of a residential area of Mount Vernon. Although the city of Mount Vernon sits at the junction of Interstate 57 and Interstate 64, the hospital itself is in the middle of town not on the major arterial roads. Way finding can be difficult for the many patients who live outside of the city proper.
- As is discussed extensively in the application for permit for the replacement hospital, the current facility is old and extremely outdated. It would be difficult, and expensive, to convert the facility to medical office use and even when you were finished it would still be an old building with very high operating costs.
- The very nature of an old hospital building makes it very difficult to use for any

non-hospital use. The rooms are normally small, They have unnecessary gas piping and are extremely difficult to modernize. In addition things like lead lined X-ray rooms Operating rooms, laboratories, etc. do not lend themselves to conversion to medical office suites. Generally hospital have long corridors and limited vertical access which also prevents them from being efficiently converted to medical office space.

- Area physicians are not receptive to the concept of medical offices that are geographically separate from hospital inpatient and outpatient services, that lack adequate parking, and that are both operationally inefficient and physically obsolete.

The cost of this alternative is estimated to be \$20 million.

3. **Construct medical office space on floors above the new hospital rather than in a separate building.**

This alternative was not chosen for the following reasons:

- Independent medical office space is less expensive per square foot than medical office space located within a hospital.
- Locating medical offices on the upper floor of the hospital would preclude any future vertical expansion, if and when necessary, for hospital needs.
- Locating medical offices within the hospital structure would preclude the option of a joint venture with the physicians, as well as the option of engaging third-party development and operation. (This issue is discussed further later in this attachment.
- Since licensure will not allow two licensed facilities to be in the same building, this alternative would also preclude the development of a separately licensed Ambulatory Treatment Center, space for which is included in the proposed MOB.

The cost of this alternative is estimated at \$50 million.

4. **Retain Ownership and operation of the MOB within Good Samaritan Regional Health Center/ SSM**

This alternative was not chosen for the following reasons:

- The ability to design the proposed MOB as a joint venture with the hospital's physicians is a key element in the success of the project, as well as in our ability to recruit and retain physicians to our community.
- Good Samaritan Regional Health Center and SSM Health Care Corporation are experienced in the provision of health care services, rather than real estate services. We believe that the participation of a well-qualified partner who has

experience in the development and operation of medical office buildings is essential to the process.

- Given the concurrent development and construction of the new replacement hospital, it is fiscally prudent to have outside investors who are responsible for the financial requirements of the MOB, thereby allowing the health care system to maintain the cash reserves to fund other needed projects.

The cost of this alternative would be the same as the proposed project .

5. **Construct a medical office building adjacent to the new replacement hospital to be owned and operated jointly by physicians and a medical office development company with space leased to the hospital and to a separately owned ASTC.**

This alternative was chosen for the following reasons:

- It provides accessible physician care, in terms of both ease of geographic access and convenient outpatient and ancillary services.
- It enhances the recruitment and retention of needed physicians to our community by providing office space close to the hospital and allows the physicians the option of buying into the ownership of the building.
- It represents the most efficient and cost-effective option for the hospital.

The cost of this alternative is \$43,458,347.

### Criterion 1110.230.d, Need for the Project

There are two separate areas which require justification under this criterion. The first being the overall need for the MOB and the second being the need for the hospital leased space proposed as a part of this project. The need for the ASTC will be discussed under a separate CON application filed concurrently with this application

#### A. The MOB Need

The need for this project is based upon the signed letters of intent to lease space in the building and upon the need to provide office space for future physicians recruited by the hospital to practice in the area.

The proposed new Medical Office Building will have a total of 141,139 GSF. Of that total GSF 6,957 GSF will be used for vertical circulation which is unrentable square feet and 16,306 GSF will be used for Common Areas which will be shared by all of the tenants of the building, but are not specifically leased to any one tenant. This leaves 117,876 GSF for rentable square footage. The applicant has obtained letters of intent to lease space in the building which total 93,549 GSF which amounts to approximately 80% of the rentable square feet in the building the remaining space will be used to market to existing physicians in the area and to accommodate additional physicians being recruited by the hospital.

The hospital considers this physician's office space to be an essential part of their recruiting process. The hospital has recruited seven new physicians in the past two years and are recruiting several other specialists at this time. It is anticipated that a new replacement hospital with its state-of-the-art facilities along with available office space close to the hospital will make it easier to recruit needed physicians to the area.

It is not unusual that at this early date in the development of a medical office building that some space has not been filled. With 79-80 % of the space having letters of intent already filed the building is assured of being financially viable without subsidizing any of the physicians. The physicians will be given the opportunity to become members of the LLC which will own and operate this building.

#### B. Hospital Leased Space

The hospital will be leasing 68,874 GSF of space in the building. This is space which would be located in the hospital itself, if the space was not available in this new MOB. Of that space 35,227GSF is allocated to non-clinical departments (General Circulation, Administration, Medical Records, Anesthesia Offices, and Human Services) These spaces, by statute are not reviewable by the Board, but they are shown on ATTACHMENT INFO-7 for informational purposes.

The remaining hospital departments will be discussed separately below:

1. Outpatient Women's Center

This department consists of 5,335 GSF and will house outpatient testing services for female patients of the hospital. The department will house 2 ultrasound exam rooms one ultrasound procedure room, 3 mammography rooms, and one Bone Densitometry Room.

The hospital's historical utilization justifies 3 outpatient ultrasound rooms based upon the State standard of 2000 visits per room and the historical outpatient volume of 6,296 exams in 2007 (Note a total of 8,273 exams were performed which would justify 5 rooms. Two additional rooms are proposed in the hospital)

The historical utilization justifies 4 mammography rooms based upon the State standard of 2,000 visits per room per year and the applicant's 2007 volume of 7,185 outpatient exams .

The 2007 volume for Bone Density testing was 537 visits which justifies one room.

The development of this center will allow the hospitals female patients to access a variety of diagnostic modalities in a single location which will make it much more convenient for these patients.

2. Outpatient Cardiac Rehabilitation

This department has seen a continuing growth as the number of interventional cardiac catheterization and Open Heart Surgery combined numbers have increased.

The outpatient volume for cardiac rehabilitation has grown from 594 patients in 2005 to 953 patients in 2007. It is projected that this trend will continue as the population of the hospital's primary and secondary service areas continue to age.

This space is used by the patients to exercise to increase their cardiac endurance under monitored conditions. The equipment necessary to provide this monitored environment dictates the size of the department along with the number of patients who come to the hospital for rehabilitation. This space will replace equivalent space at the existing hospital while providing the patients with additional space and improved monitoring capability.

3. Outpatient Imaging

This space will house an MRI, a chest X-ray room, 2 Radiographic/Fluoroscopic X-ray units and 1 CT scanner.

The applicants 2007 MRI volume (3,018 visits) justifies 2 MRI's based upon the State standard of 2,000 visits per unit per year.

The 2007 general outpatient X-ray volume 19,446 exams justifies 3 general X-ray rooms at the State standard of 6,500 procedures per room per year. The applicant is also proposing to have three general X-ray units in the hospital. The need for these units will be discussed in that application. The inpatient volume justifies two units in 2007 however, with the projected population increases in the age 65 and over population the third unit in the hospital will also be needed.

The applicant is proposing to have 1 CT scanner in the outpatient imaging Center and one in the new hospital. The 2007 volume total 12,592 procedures which supports the need for up to 7 CT scanners based upon the State standard of 2,000 visits per year per unit.

4. Outpatient Occupational Therapy/ Physical Therapy/Speech Therapy

This unit will replace the department at the existing hospital. This space will be utilized solely for outpatient treatment. The Rehabilitation Therapy Department, The Occupational Therapy Department and the Speech Therapy Department will three be housed in this area.

The space proposed includes large open spaces for the activities portion of the rehabilitation including a gymnasium, a hydrotherapy area, as well as an ADL Kitchen and ADL apartment for occupational therapy activities.

This space, while, being utilized solely for outpatient treatment. will also house the offices for the Therapists (10 offices) plus the managers office.

The hospital currently operates one of only two rehabilitation bed services in HSA V. These means the applicant must provide a more comprehensive level of outpatient services than what is normally provided in a hospital the size of the applicant. There are very limited options for the patients located in this HSA, and any other options involve significant travel which is not a viable option for most outpatients receiving this type of care.

In order to provide the full range of treatment and rehabilitation modalities necessary to provide the comprehensive services needed the space must be larger and have more stations for training and treatment.

5. Laboratory

This laboratory will serve as the primary laboratory for the Hospital and will replace the laboratory in the existing building. Based upon the Board's standard of 225 GSF per FTE and the applicant's current number of FTE's, 37.6, the

applicant can justify 8,460 GSF and they are proposing to have 7,708 GSF.

The laboratory is need to support all of the facilities services and will be located in close proximity to the services most often requiring its use, i.e., Surgery ICU, etc. This will expedite the physicians request for immediate test results .

6. Med Gases

This space is the storage area for Medical Gases which will be used primarily by the ASTC but may also be available as needed for other uses including the physician's offices and some of the hospital outpatient services.

This single location will provide better security and will allow appropriate separation from the rest of the facility.

There are no standards for this area, but at 128 square feet it is very compact.

There is no single piece of equipment proposed for this building that will exceed the review threshold for major medical equipment.



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HealthCare Real Estate Solutions

*A National Resource for Physicians, Hospitals, and Health System Leaders*

June 3, 2008

Good Samaritan Regional Health Center  
Leo Childers  
President  
605 N. 12th Street  
Mt. Vernon, IL 62864

**RE: Non-Binding Letter of Intent to Lease Space in the Medical Office Building on the  
New St. Mary's Good Samaritan Hospital campus in Mt. Vernon, IL**

Dear Mr. Childers:

We are pleased at your interest in leasing space in the new medical office building (the "Facility") being developed on the St. Mary's Good Samaritan hospital campus in Mt. Vernon. The Facility is being developed by Frauenshuh HealthCare Real Estate Solutions. The following outlines terms and conditions that will serve as a basis for our lease arrangements:

**Landlord:**

Frauenshuh HealthCare Real Estate Solutions or its affiliate.

**Tenant:**

Good Samaritan Regional Health Center

**Project:**

The Facility will be a multi story Class A constructed Medical Office Building with multiple Health Care related tenants and services. The Facility will be approximately 140,000 gross square feet, connected to the hospital along with excellent access and visibility.

**Occupancy:**

Construction completion will be concurrent with the completion of the new hospital.

**Premises:**

Tenant will occupy approximately 68,874 gross square feet. More accurate rentable square footages will be established upon completion of a tenant fit plan.

**Net Rental Rate and Term:**

The annual net rental rate for the Premises in Year One will be approximately \$19.80 - \$21.80 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. The Lease Term shall be a minimum of ten (10) years.

**Operating Expenses & Real Estate Taxes:**

Tenant will be responsible for its proportionate share of operating expenses (including such items as janitorial service, utilities, common area maintenance and real estate taxes) for the Facility. The operating expenses for the first year are estimated at \$8.62 per rentable square foot.

**Tenant Improvements:**

Landlord will provide Tenant with a design and construction allowance in the amount of \$40.00 per usable square foot. Tenant will be responsible for coordination and implementation of their improvements. Tenant will have complete control of the budget, design and schedule.

**Renewal Option:**

Landlord will provide Tenant with a five (5) year renewal option.

**Parking:**

Ample parking for patients, visitors and staff will be provided adjacent to the Facility at no additional cost.

**Signage:**

Landlord will provide a standardized building directory and individual suite sign plaques.

This non-binding Letter of Intent is intended to describe the general terms and conditions of a proposed lease and is expressly subject to the execution of a final lease document. Each party to this letter agrees and affirmatively represents to the other that neither this letter nor any prior communications relating to the subject matter of this letter creates any rights or interest, which may be enforced by either party.

If you are in agreement with the above, please sign both originals of this letter and return one to me for our records. We will then forward to you all relevant documents for your review.

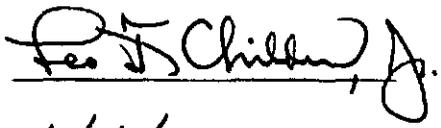
Sincerely,

**FRAUENSHUH HEALTHCARE REAL ESTATE SOLUTIONS**

By: 

Date: 6/3/08

**GOOD SAMARITAN REGIONAL HEALTH CENTER**

By: 

Date: 6/06/2008

EXHIBIT A

**MT. VERNON BASE BUILDING SHELL DEFINITION**

At no cost to Tenant, Landlord will provide the following items to the Tenant as part of the standard shell building:

Building Shell: Building shell, including finished public entry and corridors, ventilation shafts, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.

Floors: Concrete floor with troweled finish.

Walls: Gypsum board on base Building perimeter walls in the Premises.

Doors: Finished doors complete with frame, trim and hardware, installed on base Building toilet rooms, mechanical rooms, stairwells, electrical equipment rooms, and janitor and communications closets.

Toilet Rooms: One men's and one women's handicapped-accessible toilet room on the same floor as the Premises, with finished floors, walls and ceilings, vanities, cubicles, plumbing fixtures, ceilings, lights, accessories, and mechanical services.

Ceilings: Ceiling grid and ceiling tile in the finished public shell building areas only.

Lights: Lighting is provided in public lobbies, corridors, mechanical rooms, electrical closets, janitor closets, stairways and toilet rooms.

Power: Panel for distribution of 120/208 volt electric power located on each floor at such location or locations as Landlord may determine, with the number of circuit breakers designated for the Premises and other spaces being prorated on the basis of the usable areas of such spaces. Any additional panel capacity as may be required for Tenant's electrical connections will be at Tenant's expense.

Heating, Cooling and Ventilation: Heating, cooling and ventilation system with air distribution ductwork stubbed onto each floor at such location or locations as Landlord may determine.

Fire Protection: Fire detection and fire warning systems installed within the Premises for an open, unfinished floor plan, and fire extinguisher with cabinet located on each floor at such location or locations as Landlord may determine.

Sprinklers: Code-approved sprinkler system, with upright brass pendant sprinkler heads installed within the Premises for an open, unfinished floor plan.

Water and Drainage: Access to domestic cold water, drainage and vent systems on each floor at such location or locations as Landlord may determine.

Window Coverings: Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.



**FRAUENSHUH**  
HealthCare Real Estate Solutions

*A National Resource for Physicians, Hospitals, and Health System Leaders*

June 3, 2008

Physician Surgery Center at Good Samaritan, LLC  
Robert Di Domizio  
605 N. 12th Street  
Mt. Vernon, IL 62864

**RE: Non-Binding Letter of Intent to Lease Space in the Medical Office Building on the New St. Mary's Good Samaritan Hospital campus in Mt. Vernon, IL**

Dear Mr. Di Domizio:

We are pleased at your interest in leasing space in the new medical office building (the "Facility") being developed on the St. Mary's Good Samaritan hospital campus in Mt. Vernon. The Facility is being developed by Fraucishuh HealthCare Real Estate Solutions. The following outlines terms and conditions that will serve as a basis for our lease arrangements:

**Landlord:**

Frauenshuh HealthCare Real Estate Solutions or its affiliate.

**Tenant:**

Physician Surgery Center at Good Samaritan, LLC

**Project:**

The Facility will be a multi story Class A constructed Medical Office Building with multiple Health Care related tenants and services. The Facility will be approximately 140,000 gross square feet, connected to the hospital along with excellent access and visibility.

**Occupancy:**

Construction completion will be concurrent with the completion of the new hospital.

**Premises:**

Tenant will occupy approximately 13,675 gross square feet. More accurate rentable square footages will be established upon completion of a tenant fit plan.

**Net Rental Rate and Term:**

The annual net rental rate for the Premises in Year One will be approximately \$29.32 - \$31.32 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. The Lease Term shall be a minimum of ten (10) years.

**Operating Expenses & Real Estate Taxes:**

Tenant will be responsible for its proportionate share of operating expenses (including such items as janitorial service, utilities, common area maintenance and real estate taxes) for the Facility. The operating expenses for the first year are estimated at \$8.62 per rentable square foot.

**Tenant Improvements:**

Landlord will provide Tenant with a design and construction allowance in the amount of \$150.00 per usable square foot. Tenant will be responsible for coordination and implementation of their improvements. Tenant will have complete control of the budget, design and schedule.

**Renewal Option:**

Landlord will provide Tenant with a five (5) year renewal option.

**Parking:**

Ample parking for patients, visitors and staff will be provided adjacent to the Facility at no additional cost.

**Signage:**

Landlord will provide a standardized building directory and individual suite sign plaques.

This non-binding Letter of Intent is intended to describe the general terms and conditions of a proposed lease and is expressly subject to the execution of a final lease document. Each party to this letter agrees and affirmatively represents to the other that neither this letter nor any prior communications relating to the subject matter of this letter creates any rights or interest, which may be enforced by either party.

If you are in agreement with the above, please sign both originals of this letter and return one to me for our records. We will then forward to you all relevant documents for your review.

Sincerely,

**FRAUENSHUH HEALTHCARE REAL ESTATE SOLUTIONS**

By: 

Date: 6.3.08

**PHYSICIAN SURGERY CENTER AT GOOD SAMARITAN, LLC**

By: 

Date: 6/9/08

EXHIBIT A

**MT. VERNON BASE BUILDING SHELL DEFINITION**

At no cost to Tenant, Landlord will provide the following items to the Tenant as part of the standard shell building:

Building Shell: Building shell, including finished public entry and corridors, ventilation shafts, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.

Floors: Concrete floor with troweled finish.

Walls: Gypsum board on base Building perimeter walls in the Premises.

Doors: Finished doors complete with frame, trim and hardware, installed on base Building toilet rooms, mechanical rooms, stairwells, electrical equipment rooms, and janitor and communications closets.

Toilet Rooms: One men's and one women's handicapped-accessible toilet room on the same floor as the Premises, with finished floors, walls and ceilings, vanities, cubicles, plumbing fixtures, ceilings, lights, accessories, and mechanical services.

Ceilings: Ceiling grid and ceiling tile in the finished public shell building areas only.

Lights: Lighting is provided in public lobbies, corridors, mechanical rooms, electrical closets, janitor closets, stairways and toilet rooms.

Power: Panel for distribution of 120/208 volt electric power located on each floor at such location or locations as Landlord may determine, with the number of circuit breakers designated for the Premises and other spaces being prorated on the basis of the usable areas of such spaces. Any additional panel capacity as may be required for Tenant's electrical connections will be at Tenant's expense.

Heating, Cooling and Ventilation: Heating, cooling and ventilation system with air distribution ductwork stubbed onto each floor at such location or locations as Landlord may determine.

Fire Protection: Fire detection and fire warning systems installed within the Premises for an open, unfinished floor plan, and fire extinguisher with cabinet located on each floor at such location or locations as Landlord may determine.

Sprinklers: Code-approved sprinkler system, with upright brass pendant sprinkler heads installed within the Premises for an open, unfinished floor plan.

Water and Drainage: Access to domestic cold water, drainage and vent systems on each floor at such location or locations as Landlord may determine.

Window Coverings: Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.



**FRAUENSHUH**  
HealthCare Real Estate Solutions

*A National Resource for Physicians, Hospitals, and Health System Leaders*

April 9, 2007

Advanced Urological Services  
David R. Knowles, MD  
1009 S. 42<sup>nd</sup> Street, Ste 5B  
Mt. Vernon, IL 62864

**RE: Non-Binding Letter of Intent to Lease Space in the Medical Office Building on the New St. Mary's Good Samaritan Hospital campus in Mt. Vernon, IL**

Dear Dr. Knowles:

We are pleased at your interest in leasing space in the new medical office building (the "Facility") being developed on the St. Mary's Good Samaritan hospital campus in Mt. Vernon. The Facility is being developed by Frauenshuh HealthCare Real Estate Solutions. The following outlines terms and conditions that will serve as a basis for our lease arrangements:

**Landlord:**  
Frauenshuh HealthCare Real Estate Solutions or its affiliate.

**Tenant:**  
Advanced Urological Services

**Project:**  
The Facility will be a multi story Class A constructed Medical Office Building with multiple Health Care related tenants and services. The Facility will be approximately 140,000 gross square feet, connected to the hospital along with excellent access and visibility.

**Occupancy:**  
Construction completion will be concurrent with the completion of the new hospital.

**Premises:**  
Tenant will occupy approximately 2000 usable square feet. More accurate rentable square footages will be established upon completion of a tenant fit plan.

**Net Rental Rate and Term:**  
Landlord has designed multiple lease alternatives for your consideration. Please review the following options and check the alternative that you wish to pursue.

- Alternative A / Equity Purchase 10 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
- Alternative B / Equity Grant 10 year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$19.50 - \$22.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
- Alternative C / Lease 8 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.

**Operating Expenses & Real Estate Taxes:**

Tenant will be responsible for its proportionate share of operating expenses (including such items as janitorial service, utilities, common area maintenance and real estate taxes) for the Facility. The operating expenses for the first year are estimated at \$8.62 per rentable square foot.

**Tenant Improvements:**

Landlord will provide Tenant with a design and construction allowance as defined above. Tenant will be responsible for coordination and implementation of their improvements. Tenant will have complete control of the budget, design and schedule.

**Renewal Option:**

Landlord will provide Tenant with a five (5) year renewal option.

**Parking:**

Ample parking for patients, visitors and staff will be provided adjacent to the Facility at no additional cost.

**Signage:**

Landlord will provide a standardized building directory and individual suite sign plaques.

**Physician Ownership Option:**

Under Lease Options A & B, physician tenants will have the opportunity to acquire an ownership interest in the building. The details and documents regarding this program will be provided upon execution of this non-binding letter of intent.

**Tenant Qualifications:**

Tenants must maintain appropriate professional licenses, be covered by adequate malpractice insurance and be members of the medical staff of St. Mary's Good Samaritan or otherwise qualified as clinical participants.

**Confidentiality:**

Notwithstanding anything in this letter to the contrary, both prospective Tenant and Landlord agree that all documentation and knowledge of this transaction including details regarding the Physician Ownership Option shall remain confidential. Both parties agree that information of this transaction will not be released to any individual or entity without the prior written consent of either party.

This non-binding Letter of Intent is intended to describe the general terms and conditions of a proposed lease and is expressly subject to the execution of a final lease document. Each party to this letter agrees and affirmatively represents to the other that neither this letter nor any prior communications relating to the subject matter of this letter creates any rights or interest, which may be enforced by either party.

If you are in agreement with the above, please sign both originals of this letter and return one to me for our records. We will then forward to you all relevant documents for your review.

Sincerely,

FRAUENSHUH HEALTHCARE REAL ESTATE SOLUTIONS

By:

Bruce H. Young

Date:

April 9, 2007

Advanced Urological Services

By:

David L. Young

Date:

4-24-07

State of Illinois, County of Jefferson

Signed before me this 24th day of April, 2007.

Jeanette Young  
Jeanette Young, Notary



EXHIBIT A

**MT. VERNON BASE BUILDING SHELL DEFINITION**

At no cost to Tenant, Landlord will provide the following items to the Tenant as part of the standard shell building:

Building Shell: Building shell, including finished public entry and corridors, ventilation shafts, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.

Floors: Concrete floor with troweled finish.

Walls: Gypsum board on base Building perimeter walls in the Premises.

Doors: Finished doors complete with frame, trim and hardware, installed on base Building toilet rooms, mechanical rooms, stairwells, electrical equipment rooms, and janitor and communications closets.

Toilet Rooms: One men's and one women's handicapped-accessible toilet room on the same floor as the Premises, with finished floors, walls and ceilings, vanities, cubicles, plumbing fixtures, ceilings, lights, accessories, and mechanical services.

Ceilings: Ceiling grid and ceiling tile in the finished public shell building areas only.

Lights: Lighting is provided in public lobbies, corridors, mechanical rooms, electrical closets, janitor closets, stairways and toilet rooms.

Power: Panel for distribution of 120/208 volt electric power located on each floor at such location or locations as Landlord may determine, with the number of circuit breakers designated for the Premises and other spaces being prorated on the basis of the usable areas of such spaces. Any additional panel capacity as may be required for Tenant's electrical connections will be at Tenant's expense.

Heating, Cooling and Ventilation: Heating, cooling and ventilation system with air distribution ductwork stubbed onto each floor at such location or locations as Landlord may determine.

Fire Protection: Fire detection and fire warning systems installed within the Premises for an open, unfinished floor plan, and fire extinguisher with cabinet located on each floor at such location or locations as Landlord may determine.

Sprinklers: Code-approved sprinkler system, with upright brass pendant sprinkler heads installed within the Premises for an open, unfinished floor plan.

Water and Drainage: Access to domestic cold water, drainage and vent systems on each floor at such location or locations as Landlord may determine.

Window Coverings: Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.



# FRAUENSHUH

HealthCare Real Estate Solutions

A National Resource for Physicians, Hospitals, and Health System Leaders

March 19, 2007

Neurodiagnostic & Sleep Disorders Services  
Sajjan K. Nemani, MD  
1054 Martin Luther King Drive  
Centralia, IL 62801

**RE: Non-Binding Letter of Intent to Lease Space in the Medical Office Building on the New St. Mary's Good Samaritan Hospital campus in Mt. Vernon, IL**

Dear Dr. Nemani:

We are pleased at your interest in leasing space in the new medical office building (the "Facility") being developed on the St. Mary's Good Samaritan hospital campus in Mt. Vernon. The Facility is being developed by Frauenshuh HealthCare Real Estate Solutions. The following outlines terms and conditions that will serve as a basis for our lease arrangements:

**Landlord:**

Frauenshuh HealthCare Real Estate Solutions or its affiliate.

**Tenant:**

Neurodiagnostic & Sleep Disorders Services

**Project:**

The Facility will be a multi story Class A constructed Medical Office Building with multiple Health Care related tenants and services. The Facility will be approximately 140,000 gross square feet, connected to the hospital along with excellent access and visibility.

**Occupancy:**

Construction completion will be concurrent with the completion of the new hospital.

**Premises:**

Tenant will occupy approximately 1500 usable square feet. More accurate rentable square footages will be established upon completion of a tenant fit plan.

**Net Rental Rate and Term:**

Landlord has designed multiple lease alternatives for your consideration. Please review the following options and check the alternative that you wish to pursue.

- **Alternative A / Equity Purchase 10 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
- **Alternative B / Equity Grant 10 year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$19.50 - \$22.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
- **Alternative C / Lease 8 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.

**Operating Expenses & Real Estate Taxes:**

Tenant will be responsible for its proportionate share of operating expenses (including such items as janitorial service, utilities, common area maintenance and real estate taxes) for the Facility. The operating expenses for the first year are estimated at \$8.62 per rentable square foot.

**Tenant Improvements:**

Landlord will provide Tenant with a design and construction allowance as defined above. Tenant will be responsible for coordination and implementation of their improvements. Tenant will have complete control of the budget, design and schedule.

**Renewal Option:**

Landlord will provide Tenant with a five (5) year renewal option.

**Parking:**

Ample parking for patients, visitors and staff will be provided adjacent to the Facility at no additional cost.

**Signage:**

Landlord will provide a standardized building directory and individual suite sign plaques.

**Physician Ownership Option:**

Under Lease Options A & B, physician tenants will have the opportunity to acquire an ownership interest in the building. The details and documents regarding this program will be provided upon execution of this non-binding letter of intent.

**Tenant Qualifications:**

Tenants must maintain appropriate professional licenses, be covered by adequate malpractice insurance and be members of the medical staff of St. Mary's Good Samaritan or otherwise qualified as clinical participants.

**Confidentiality:**

Notwithstanding anything in this letter to the contrary, both prospective Tenant and Landlord agree that all documentation and knowledge of this transaction including details regarding the Physician Ownership Option shall remain confidential. Both parties agree that information of this transaction will not be released to any individual or entity without the prior written consent of either party.

This non-binding Letter of Intent is intended to describe the general terms and conditions of a proposed lease and is expressly subject to the execution of a final lease document. Each party to this letter agrees and affirmatively represents to the other that neither this letter nor any prior communications relating to the subject matter of this letter creates any rights or interest, which may be enforced by either party.

If you are in agreement with the above, please sign both originals of this letter and return one to me for our records. We will then forward to you all relevant documents for your review.

Sincerely,

FRAUENSHUH HEALTHCARE REAL ESTATE SOLUTIONS

By:

[Handwritten Signature]

Date:

3/11/07

Neurodiagnostic & Sleep Disorders Services

By:

Scowen MD / Mark A. Clark  
Mark A. Clark

Date:

4-12-07      4-12-07

State of Illinois, County of Jefferson

Signed before me this 12th day of April, 2007.

Jeanette Young  
Jeanette Young, Notary



## EXHIBIT A

### MT. VERNON BASE BUILDING SHELL DEFINITION

At no cost to Tenant, Landlord will provide the following items to the Tenant as part of the standard shell building:

Building Shell: Building shell, including finished public entry and corridors, ventilation shafts, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.

Floors: Concrete floor with troweled finish.

Walls: Gypsum board on base Building perimeter walls in the Premises.

Doors: Finished doors complete with frame, trim and hardware, installed on base Building toilet rooms, mechanical rooms, stairwells, electrical equipment rooms, and janitor and communications closets.

Toilet Rooms: One men's and one women's handicapped-accessible toilet room on the same floor as the Premises, with finished floors, walls and ceilings, vanities, cubicles, plumbing fixtures, ceilings, lights, accessories, and mechanical services.

Ceilings: Ceiling grid and ceiling tile in the finished public shell building areas only.

Lights: Lighting is provided in public lobbies, corridors, mechanical rooms, electrical closets, janitor closets, stairways and toilet rooms.

Power: Panel for distribution of 120/208 volt electric power located on each floor at such location or locations as Landlord may determine, with the number of circuit breakers designated for the Premises and other spaces being prorated on the basis of the usable areas of such spaces. Any additional panel capacity as may be required for Tenant's electrical connections will be at Tenant's expense.

Heating, Cooling and Ventilation: Heating, cooling and ventilation system with air distribution ductwork stubbed onto each floor at such location or locations as Landlord may determine.

Fire Protection: Fire detection and fire warning systems installed within the Premises for an open, unfinished floor plan, and fire extinguisher with cabinet located on each floor at such location or locations as Landlord may determine.

Sprinklers: Code-approved sprinkler system, with upright brass pendant sprinkler heads installed within the Premises for an open, unfinished floor plan.

Water and Drainage: Access to domestic cold water, drainage and vent systems on each floor at such location or locations as Landlord may determine.

Window Coverings: Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.



**FRAUENSHUH**  
HealthCare Real Estate Solutions

*A National Resource for Physicians, Hospitals, and Health System Leaders*

April 9, 2007

Mt. Vernon Heart Institute, Ltd  
Mohammed Haseeb, MD  
4204 Williamson Place  
Mt. Vernon, IL 62864

**RE: Non-Binding Letter of Intent to Lease Space in the Medical Office Building on the  
New St. Mary's Good Samaritan Hospital campus in Mt. Vernon, IL**

Dear Dr. Haseeb:

We are pleased at your interest in leasing space in the new medical office building (the "Facility") being developed on the St. Mary's Good Samaritan hospital campus in Mt. Vernon. The Facility is being developed by Frauenshuh HealthCare Real Estate Solutions. The following outlines terms and conditions that will serve as a basis for our lease arrangements:

**Landlord:**

Frauenshuh HealthCare Real Estate Solutions or its affiliate.

**Tenant:**

Mt. Vernon Heart Institute, Ltd

**Project:**

The Facility will be a multi story Class A constructed Medical Office Building with multiple Health Care related tenants and services. The Facility will be approximately 140,000 gross square feet, connected to the hospital along with excellent access and visibility.

**Occupancy:**

Construction completion will be concurrent with the completion of the new hospital.

**Premises:**

Tenant will occupy approximately 4,000 usable square feet. More accurate rentable square footages will be established upon completion of a tenant fit plan.

**Net Rental Rate and Term:**

Landlord has designed multiple lease alternatives for your consideration. Please review the following options and check the alternative that you wish to pursue.

- **Alternative A / Equity Purchase 10 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
  
- **Alternative B / Equity Grant 10 year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$19.50 - \$22.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
  
- **Alternative C / Lease 8 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.

**Operating Expenses & Real Estate Taxes:**

Tenant will be responsible for its proportionate share of operating expenses (including such items as janitorial service, utilities, common area maintenance and real estate taxes) for the Facility. The operating expenses for the first year are estimated at \$8.62 per rentable square foot.

**Tenant Improvements:**

Landlord will provide Tenant with a design and construction allowance as defined above. Tenant will be responsible for coordination and implementation of their improvements. Tenant will have complete control of the budget, design and schedule.

**Renewal Option:**

Landlord will provide Tenant with a five (5) year renewal option.

**Parking:**

Ample parking for patients, visitors and staff will be provided adjacent to the Facility at no additional cost.

**Signage:**

Landlord will provide a standardized building directory and individual suite sign plaques.

**Physician Ownership Option:**

Under Lease Options A & B, physician tenants will have the opportunity to acquire an ownership interest in the building. The details and documents regarding this program will be provided upon execution of this non-binding letter of intent.

**Tenant Qualifications:**

Tenants must maintain appropriate professional licenses, be covered by adequate malpractice insurance and be members of the medical staff of St. Mary's Good Samaritan or otherwise qualified as clinical participants.

**Confidentiality:**

Notwithstanding anything in this letter to the contrary, both prospective Tenant and Landlord agree that all documentation and knowledge of this transaction including details regarding the Physician Ownership Option shall remain confidential. Both parties agree that information of this transaction will not be released to any individual or entity without the prior written consent of either party.

This non-binding Letter of Intent is intended to describe the general terms and conditions of a proposed lease and is expressly subject to the execution of a final lease document. Each party to this letter agrees and affirmatively represents to the other that neither this letter nor any prior communications relating to the subject matter of this letter creates any rights or interest, which may be enforced by either party.

If you are in agreement with the above, please sign both originals of this letter and return one to me for our records. We will then forward to you all relevant documents for your review.

Sincerely,

FRAUENSHUH HEALTHCARE REAL ESTATE SOLUTIONS

By:

Bruce A. Husby

Date:

April 9, 2007

Mt. Vernon Heart Institute, Ltd

By:

[Signature]

Date:

4/24/07

State of Illinois, County of Jefferson

Signed before me this 24th day of April, 2007.

Jeanette Young, Notary

EXHIBIT A

**MT. VERNON BASE BUILDING SHELL DEFINITION**

At no cost to Tenant, Landlord will provide the following items to the Tenant as part of the standard shell building:

Building Shell: Building shell, including finished public entry and corridors, ventilation shafts, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.

Floors: Concrete floor with troweled finish.

Walls: Gypsum board on base Building perimeter walls in the Premises.

Doors: Finished doors complete with frame, trim and hardware, installed on base Building toilet rooms, mechanical rooms, stairwells, electrical equipment rooms, and janitor and communications closets.

Toilet Rooms: One men's and one women's handicapped-accessible toilet room on the same floor as the Premises, with finished floors, walls and ceilings, vanities, cubicles, plumbing fixtures, ceilings, lights, accessories, and mechanical services.

Ceilings: Ceiling grid and ceiling tile in the finished public shell building areas only.

Lights: Lighting is provided in public lobbies, corridors, mechanical rooms, electrical closets, janitor closets, stairways and toilet rooms.

Power: Panel for distribution of 120/208 volt electric power located on each floor at such location or locations as Landlord may determine, with the number of circuit breakers designated for the Premises and other spaces being prorated on the basis of the usable areas of such spaces. Any additional panel capacity as may be required for Tenant's electrical connections will be at Tenant's expense.

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Window Coverings: Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.



# FRAUENSHUH

HealthCare Real Estate Solutions

A National Resource for Physicians, Hospitals, and Health System Leaders

March 20, 2007

Cardiovascular Specialists of Illinois, Ltd  
Brian Jones, MD  
605 N. 12<sup>th</sup> Street  
Mt. Vernon, IL 62864

**RE: Non-Binding Letter of Intent to Lease Space in the Medical Office Building on the New St. Mary's Good Samaritan Hospital campus in Mt. Vernon, IL**

Dear Dr. Jones:

We are pleased at your interest in leasing space in the new medical office building (the "Facility") being developed on the St. Mary's Good Samaritan hospital campus in Mt. Vernon. The Facility is being developed by Frauenshuh HealthCare Real Estate Solutions. The following outlines terms and conditions that will serve as a basis for our lease arrangements:

**Landlord:**

Frauenshuh HealthCare Real Estate Solutions or its affiliate.

**Tenant:**

Cardiovascular Specialists of Illinois, Ltd

**Project:**

The Facility will be a multi story Class A constructed Medical Office Building with multiple Health Care related tenants and services. The Facility will be approximately 140,000 gross square feet, connected to the hospital along with excellent access and visibility.

**Occupancy:**

Construction completion will be concurrent with the completion of the new hospital.

**Premises:**

Tenant will occupy approximately 3,500 usable square feet. More accurate rentable square footages will be established upon completion of a tenant fit plan.

**Net Rental Rate and Term:**

Landlord has designed multiple lease alternatives for your consideration. Please review the following options and check the alternative that you wish to pursue.

- **Alternative A / Equity Purchase 10 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
- **Alternative B / Equity Grant 10 year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$19.50 - \$22.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.
- **Alternative C / Lease 8 Year Term:**  
The annual net rental rate for the Premises in year one will be approximately \$16.50 - \$18.50 per rentable square foot and increased by an inflationary factor of 2% per year thereafter. A \$40.00/usable square foot tenant allowance will be provided.

**Operating Expenses & Real Estate Taxes:**

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**Renewal Option:**

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**Parking:**

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**Signage:**

Landlord will provide a standardized building directory and individual suite sign plaques.

**Physician Ownership Option:**

Under Lease Options A & B, physician tenants will have the opportunity to acquire an ownership interest in the building. The details and documents regarding this program will be provided upon execution of this non-binding letter of intent.

**Tenant Qualifications:**

Tenants must maintain appropriate professional licenses, be covered by adequate malpractice insurance and be members of the medical staff of St. Mary's Good Samaritan or otherwise qualified as clinical participants.

**Confidentiality:**

Notwithstanding anything in this letter to the contrary, both prospective Tenant and Landlord agree that all documentation and knowledge of this transaction including details regarding the Physician Ownership Option shall remain confidential. Both parties agree that information of this transaction will not be released to any individual or entity without the prior written consent of either party.

This non-binding Letter of Intent is intended to describe the general terms and conditions of a proposed lease and is expressly subject to the execution of a final lease document. Each party to this letter agrees and affirmatively represents to the other that neither this letter nor any prior communications relating to the subject matter of this letter creates any rights or interest, which may be enforced by either party.

If you are in agreement with the above, please sign both originals of this letter and return one to me for our records. We will then forward to you all relevant documents for your review.

Sincerely,

**FRAUENSHUH HEALTHCARE REAL ESTATE SOLUTIONS**

By: Barbara A. Husby

Date: 3-20-07

**Cardiovascular Specialists of Illinois, Ltd**

By: [Signature]

Date: 4-12-2007

State of Illinois, County of Jefferson

Signed before me this 12th day of April, 2007.

Jeanette Young  
Jeanette Young, Notary



## EXHIBIT A

### MT. VERNON BASE BUILDING SHELL DEFINITION

At no cost to Tenant, Landlord will provide the following items to the Tenant as part of the standard shell building:

Building Shell: Building shell, including finished public entry and corridors, ventilation shafts, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.

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Water and Drainage: Access to domestic cold water, drainage and vent systems on each floor at such location or locations as Landlord may determine.

Window Coverings: Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.

**Criterion 1110.230.e, Size of Project**

The size of this building was predicated upon the size of the space requested by the physicians who have signed letters of intent to lease the space and by the projected number of physicians who are anticipated to want to lease space in this building once they are recruited by the hospital or once the facility is developed and they can be shown the convenience of having their office located adjacent to the new hospital. It is not unusual for physicians to desire to have the building going up to make sure it will be built before they commit to leasing space.

The other factors which dictate the size of the building are the space requirements developed for the hospital programs and for the ASTC. While the need for the ASTC is discussed in a separate CON application which will be submitted concurrent to this application and the new replacement hospital application, the ASTC is requesting the Board to approve a five OR ASTC with a requested total of 13,675 GSF. This total square footage is consistent with the State Standard which would allow 13,750 GSF ( 2,750 GSF per OR x 5 OR's = 13,750).

The **Outpatient Women's Center** will house 2 ultrasound exam rooms, one ultrasound procedure room, 3 mammography rooms, and one Bone Densitometry Room. Based upon the State Standard for Diagnostic Radiology the applicant's proposed number of rooms would justify 9,702 GSF (1,386 GSF/Room x 7 rooms = 9,702.) The applicant is proposing to have only 5,335 GSF for this department.

The **Outpatient Cardiac Rehabilitation Department** is requesting to have 4,277 GSF for this department. While the State Agency does not have any standards with which to compare this department it is important to note an increasing number of patients being seen in this department, and a large increase in the number of Therapeutic Catheterization procedures.

The **Outpatient Imaging Department** will house an MRI, a chest X-ray room, 2 Radiographic/Fluoroscopic X-ray units and 1 CT scanner. Based upon the State Standard for MRI (3,400 GSF per unit and the State Standard for radiology units (1,386 GSF per room the proposed department could have up to 8,944. The applicant is proposing to have 9,012. The difference totals 68GSF which is primarily due to the fact that all of these procedures are done on and outpatient basis and that additional changing rooms and waiting areas are necessary for these units rather than having the patients come from their patient rooms as needed and gowned rather than fully clothed.

The **Outpatient Occupational Therapy/ Physical Therapy/ Speech Therapy** is requesting to have 7,945 GSF. This unit is comprehensive in its offerings of Rehabilitation services. It serves patients who have been inpatients in the hospital's inpatient Comprehensive Rehabilitation beds and have been discharged and are continuing their rehabilitation on an outpatient basis which means that these patients have a higher level of care needs that the routine therapy services normally provided by a hospital on a routine basis. The State Standard allows for only 3,376 GSF for the three therapies. This is not adequate space to provide the hydrotherapy, the gymnasium, the ADL Kitchen and ADL apartment for occupational therapy activities.

This unit also provides the office space for all of therapists for their treatment planning and family consultations. In addition, the Speech Therapy Department also provides audiology testing in this area. The space proposed for this unit has been carefully designed and value engineered to meet the needs of the hospitals patient in the smallest area possible without reducing the services proposed to be provided.

This project was developed by accessing the space needs for each modality within the department and assigning appropriate space to that modality. The Standard GSF per bed formulas do not work well in a setting where there are a small number of beds in a facility which provides a comprehensive level of service.

The **Laboratory** is proposed to have 7,078 GSF and based upon the Board's standard of 225 GSF per FTE and the applicant's current number of FTE's, 37.6, the applicant can justify 8,460 GSF.

The **Medical Gases Area** is only 128 GSF and will house medical gases to be used primarily by the ASTC, but may also be used by the hospital departments in this building and possibly by the individual physicians if needed. The State Agency has no standards for this department and 128 GSF consists basically of a single small storage area.

**SECTION VII. REVIEW CRITERIA RELATING TO ALL MODERNIZATION PROJECTS (MOD)**

This section is applicable to all projects proposing modernization. Modernization includes, but is not limited to: expanding a department, acquiring major medical equipment, remodeling, or constructing additions or new buildings.

**A. Specific Information Requirements**

Indicate if the following areas or departments are to be modernized and provide the information as applicable.

1. AMBULATORY CARE (Include all outpatient clinics) -- Is this area being modernized? Yes  No

If yes, provide:

a. The number of visits for each of the last three years:

Year \_\_\_\_\_  
Number \_\_\_\_\_

b. The number of treatment/examination rooms: Existing \_\_\_\_\_ Proposed \_\_\_\_\_

2. AMBULATORY SURGERY TREATMENT CENTERS -- Is this area being modernized? Yes  No

If yes, provide:

a. The number of procedures for each of the last three years:

Year \_\_\_\_\_  
Number \_\_\_\_\_

b. The number of visits for each of the last three years:

Year \_\_\_\_\_  
Number \_\_\_\_\_

c.. The number of operating rooms for each of the last three years:

Year \_\_\_\_\_  
Number \_\_\_\_\_

3. CARDIAC CATHETERIZATION -- Is this area being modernized? Yes  No

If yes, provide the number of inpatient, outpatient, and total procedures (patient visits) performed on adults and on pediatric patients for each of the past three years:

	ADULT			PEDIATRIC		
Year	_____	_____	_____	Year	_____	_____
Inpatient	_____	_____	_____	Inpatient	_____	_____
Outpatient	_____	_____	_____	Outpatient	_____	_____
Total	_____	_____	_____	Total	_____	_____



9. MAGNETIC RESONANCE IMAGING -- Is this area being modernized? Yes  No

If yes, provide the following information for each of the last three years:

Year	<u>2005</u>	<u>2006</u>	<u>2007</u>
Number of visits	<u>3,102</u>	<u>2,768</u>	<u>3,018</u>
Number of scans	<u>3,102</u>	<u>2,678</u>	<u>3,018</u>

10. NURSERY (other than neonatal intensive care units) -- Is this area being modernized? Yes  No

If yes, provide the following for each of the last three years:

Year	_____	_____	_____
Number of newborns	_____	_____	_____
Number of patient days	_____	_____	_____

11. OCCUPATIONAL THERAPY -- Is this area being modernized? Yes  No

If yes, provide the following information for each of the last three years:

Year	<u>2005</u>	<u>2006</u>	<u>2007</u>
Inpatient treatments	<u>7,050</u>	<u>7,793</u>	<u>7,308</u>
Outpatient treatments	<u>993</u>	<u>753</u>	<u>718</u>
Number of visits	<u>8,043</u>	<u>8,546</u>	<u>8,026</u>

12. PHYSICAL THERAPY -- Is this area being modernized? Yes  No

If yes, provide the following information for each of the last three years.

Year	<u>2005</u>	<u>2006</u>	<u>2007</u>
Inpatient treatments	<u>17,033</u>	<u>17,368</u>	<u>17,029</u>
Outpatient treatments	<u>4,116</u>	<u>3,818</u>	<u>4,325</u>
Total treatments	<u>21,149</u>	<u>21,186</u>	<u>21,354</u>
Number of visits	<u>21,149</u>	<u>21,186</u>	<u>21,354</u>

13. PULMONARY FUNCTION -- Is this area being modernized? Yes  No

If yes, provide the following information for each of the last three years.

Year	_____	_____	_____
Inpatient procedures	_____	_____	_____
Outpatient procedures	_____	_____	_____
Total procedures	_____	_____	_____
Number of visits	_____	_____	_____

14. RECOVERY (SURGICAL) -- Is this area being modernized? Yes  No

If yes, provide the existing and proposed number of stations by type:

	Existing	Proposed
Inpatient	_____	_____
Outpatient Stage I	_____	_____
Outpatient Stage II	_____	_____

15. RESPIRATORY THERAPY -- Is this area being modernized? Yes  No

If yes, provide the following information for each of the last three years.

Year	_____	_____	_____
Inpatient treatments	_____	_____	_____
Outpatient treatments	_____	_____	_____
Total treatments	_____	_____	_____
Number of visits	_____	_____	_____

16. DIAGNOSTIC RADIOLOGY -- Is this area being modernized? Yes  No

If yes, provide the following information classifying procedure rooms as general or special according to the type of machines employed.

General machines are:

- Radiographic
- Fluoroscopic
- Radiographic/Fluoroscopic
- Tomographic (linear)

Special machines are:

- Angiographic
- CT Scanner
- Mammography
- Sonographic (ultrasound)
- Tomographic (multi-directional)

- a. Provide the number of existing and proposed general procedure rooms by machine type.
- b. Provide the number of existing and proposed special procedure rooms by machine type.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-1A AFTER THE LAST PAGE OF THIS SECTION.**

17. EMERGENCY SERVICES -- Is this area being modernized? Yes  No

If yes, provide the following information:

- a. The number of existing and proposed treatment/examination rooms;
- b. A list of any of the above rooms that are or will be used for purposes other than general treatment;
- c. The number of visits for each of the last three years.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-1B AFTER THE LAST PAGE OF THIS SECTION.**

18. INPATIENT BED AREA -- Is this area being modernized? Yes  No

If yes, provide the following information:

- a. The number of existing and proposed private rooms, semi-private rooms, and three or more occupancy rooms (by category of service for each type of room) for the entire facility and for the project;
- b. Line drawings showing the configuration of the unit(s) being modernized.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-1C AFTER THE LAST PAGE OF THIS SECTION.**

19. NUCLEAR MEDICINE -- Is this area being modernized? Yes  No

If yes, provide the following information:

A list of the existing and proposed major pieces of equipment;

- a. The existing and proposed number of procedure rooms;
- b. The number of inpatient, outpatient, and total procedures done for each of the last three years;
- c. A breakdown of the procedures into types of procedures and machine time/procedure for the last year.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-1D AFTER THE LAST PAGE OF THIS SECTION.**

20. RADIATION THERAPY -- Is this area being modernized? Yes  No

If yes, provide the following information:

- a. The number of treatments and the number of "courses of treatment" for each of the last three years;
- b. A list of the existing and proposed pieces of megavoltage equipment.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-1E AFTER THE LAST PAGE OF THIS SECTION.**

21. SURGERY -- Is this area being modernized? Yes  No

If yes, provide the following information:

- a. The existing and proposed number of procedure rooms. Indicate the use of these rooms such as general, open heart, eye, endoscopy, and cystology. Indicate how many rooms are dedicated solely to outpatient surgery, solely to inpatient surgery, and how many are used for both.
- b. The inpatient, outpatient, and total hours of utilization (including clean-up and set-up time) for each of the last three years;
- c. The total hours of utilization (including clean-up and set-up time) for each type of procedure room for each of the last three years;
- d. The number of inpatient, outpatient, and total surgical visits for each type of surgical specialty for each of the last three years.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-1F AFTER THE LAST PAGE OF THIS SECTION.**

22. OTHER DEPARTMENTS OR AREAS -- Are any other areas being modernized? Yes   
No

If yes, identify the area(s) and provide workload data for each area for each of the last three years.

**APPEND DOCUMENTATION AS ATTACHMENTS MOD-1G, MOD-1H, MOD-1I, MOD 1J, etc. AFTER THE LAST PAGE OF THIS SECTION.**

**DIAGNOSTIC RADIOLOGY**

Room Type	No. Of Rooms		Volume		
	Existing	Proposed	2005	2006	2007
General X-ray/ Fluoroscopy	3	6*	33,545	31,686	31,835
Mammography	2	3**	6,548	6,702	7,207
Ultrasound	3	5***	7,040	7,342	8,273
Angiography	1	1	1,108	1,103	1,105
CT	2	2****	12,469	10,996	12,592

\* 3 of the general X-ray units will be located in the new hospital and 3 will be located in the outpatient imaging center in the proposed MOB

\*\*All three of the Mammography Units will be located in the Women's Center in the MOB and will be discussed in that CON.

\*\*\* 2 of the ultrasound units will be located in the hospital and three will be located in the MOB.

\*\*\*\* 1 CT will be located in the hospital and 1 will be located in the MOB

### Speech Therapy

The volume for this department is as follows:

	2005	2006	2007
Inpatient	2,058	2,482	2,007
Outpatient	1,374	1,239	1,015
Total	3,432	3,721	3,002

### Bone Densitometry

The volume for this department is shown below.

Year	2005	2006	2007
Inpatient	2	2	2
Outpatient	571	583	535
Total	573	585	537

**B Criterion 1110.420.b, Modern Facilities**

A criterion must be claimed for EACH department or area to be modernized. The justification for each department or area must be on a separate page. Choose the criterion or criteria which most clearly approximates the reason for proposing the modernization.

At least ONE of the following two criteria must be claimed for EACH department or area proposed for modernization.

1. Read criterion 1110.420.b.1. **This criterion cannot be used to justify any increase in square footage. If expansion of a department is proposed, criterion 1110.420.b.2 must be claimed.**

Indicate if this criterion is claimed and submit the following:

- a. the age of the building or piece of equipment;
- b. the downtime experienced on the piece of equipment for each of the last three years;
- c. the cost of repair experienced on the piece of equipment for each of the last three years;
- d. a detailed explanation of why and how it was determined that the building or piece of equipment was deteriorated and needs to be replaced;
  - (a) provide copies of any licensing, certification, or fire protection citations.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-2 AFTER THE LAST PAGE OF THIS SECTION.**

2. Read Criterion 1110.420.b.2. Identify if this criterion is claimed and submit the following information:
  - a. a detailed explanation of why and how it was determined that expansion of the department or area was necessary;
  - b. a discussion of the alternatives considered to expanding the department (e.g. increasing the hours or days of operation) and why the alternatives were rejected.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-3 AFTER THE LAST PAGE OF THIS SECTION.**

**C. Criterion 1110.420.c, Major Medical Equipment**

Read Criterion 1110.420.c and provide documentation that the equipment will achieve or exceed the applicable target utilization levels specified in Appendix B of Part 1110 within 12 months after becoming operational.

**APPEND DOCUMENTATION AS ATTACHMENT MOD-4 AFTER THE LAST PAGE OF THIS SECTION.**

## Criterion 1110.420.b.2, Necessary Expansion

### A. The MOB Need

The need for this project is based upon the signed letters of intent to lease space in the building and upon the need to provide office space for future physicians recruited by the hospital to practice in the area.

The proposed new Medical Office Building will have a total of 141,139 GSF. Of that total GSF 6,957 GSF will be used for vertical circulation which is unrentable square feet and 16,306 GSF will be used for Common Areas which will be shared by all of the tenants of the building, but are not specifically leased to any one tenant. This leaves 117,876 GSF for rentable square footage. The applicant has obtained letters of intent to lease space in the building which total 93,549 GSF which amounts to approximately 80% of the rentable square feet in the building the remaining space will be used to market to existing physicians in the area and to accommodate additional physicians being recruited by the hospital.

The hospital considers this physician's office space to be an essential part of their recruiting process. The hospital has recruited seven new physicians in the past two years and are recruiting several other specialists at this time. It is anticipated that a new replacement hospital with its state-of-the-art facilities along with available office space close to the hospital will make it easier to recruit needed physicians to the area.

It is not unusual that at this early date in the development of a medical office building that some space has not been filled. With 79-80 % of the space having letters of intent already filed the building is assured of being financially viable without subsidizing any of the physicians. The physicians will be given the opportunity to become members of the LLC which will own and operate this building.

**B. Hospital Leased Space**

The hospital will be leasing 68,874 GSF of space in the building. This is space which would be located in the hospital itself, if the space was not available in this new MOB. Of that space 35,227 GSF is allocated to non-clinical departments (General Circulation, Administration, Medical Records, Anesthesia Offices, and Human Services) These spaces, by statute are not reviewable by the Board, but they are shown on ATTACHMENT INFO-7 for informational purposes.

**C. Outpatient Women's Center**

This department consists of 5,335 GSF and will house outpatient testing services for *female patients of the hospital*. The department will house 2 ultrasound exam rooms, one ultrasound procedure room, 3 mammography rooms, and one Bone Densitometry Room.

The hospital's historical utilization justifies 3 outpatient ultrasound rooms based upon the State standard of 2000 visits per room and the historical outpatient volume of 6,296 exams in 2007 (Note a total of 8,273 exams were performed which would justify 5 rooms. Two additional rooms are proposed in the hospital)

The historical utilization justifies 4 mammography rooms based upon the State standard of 2,000 visits per room per year and the applicant's 2007 volume of 7,185 outpatient exams .

The 2007 volume for Bone Density testing was 537 visits which justifies one room.

The development of this center will allow the hospitals female patients to access a variety of *diagnostic modalities in a single location* which will make it much more convenient for these patients.

**D. Outpatient Cardiac Rehabilitation**

This department has seen a continuing growth as the number of interventional cardiac catheterization and Open Heart Surgery combined numbers have increased.

The outpatient volume has grown from 594 patients in 2005 to 953 patients in 2007. It is projected that this trend will continue as the population of the hospital's primary and secondary service areas continue to age.

This space is used by the patients to exercise to increase their cardiac endurance under monitored conditions. The equipment necessary to provide this monitored environment dictates the size of the department along with the number of patients who come to the hospital for rehabilitation. This space will replace equivalent space at the existing hospital while providing the patients with additional space and improved monitoring capability.

**E. Outpatient Imaging**

This space will house an MRI, a chest X-ray room, 2 Radiographic/Fluoroscopic X-ray units and 1 CT scanner.

The applicants 2007 MRI volume (3,018 visits) justifies 2 MRI's based upon the State standard of 2,000 visits per unit per year.

The 2007 general outpatient X-ray volume 19,446 exams justifies 3 general X-ray rooms at the State standard of 6,500 procedures per room per year. The applicant is also proposing to have three general X-ray units in the hospital. The need for these units will be discussed in that application. The inpatient volume justifies two units in 2007 however, with the projected population increases in the age 65 and over population the third unit in the hospital will also be needed.

The applicant is proposing to have 1 CT scanner in the outpatient imaging Center and one in the new hospital. The 2007 volume total 12,592 procedures which supports the need for up to 7 CT scanners based upon the State standard of 2,000 visits per year per unit.

**F. Outpatient Occupational Therapy/ Physical Therapy/Speech Therapy**

This unit will replace the department at the existing hospital. This space will be utilized solely for outpatient treatment. The Rehabilitation Therapy Department, the Occupational Therapy Department and the Speech Therapy Department will be housed in this area.

The space proposed includes large open spaces for the activities portion of the rehabilitation including a gymnasium, a hydrotherapy area, as well as an ADL Kitchen and ADL apartment for occupational therapy activities.

This space, while, being utilized solely for outpatient treatment. will also house the offices for the Therapists (10 offices) plus the managers office.

The hospital currently operates one of only two rehabilitation bed services in HSA V. This means the applicant must provide a more comprehensive level of outpatient services than what is normally provided in a hospital the size of the applicant. There are very limited options for the patients located in this HSA, and any other options involve significant travel which is not a viable option for most outpatients receiving this type of care.

In order to provide the full range of treatment and rehabilitation modalities necessary to provide the comprehensive services needed the space must be larger and have more stations for training and treatment.

**G. Laboratory**

This laboratory will serve as the primary laboratory for the Hospital and will replace the laboratory in the existing building. Based upon the Board's standard of 225 GSF per FTE and the applicant's current number of FTE's, 37.6, the applicant can justify 8,460 GSF and they are proposing to have 7,708 GSF.

The laboratory is need to support all of the facilities services and will be located in close proximity to the services most often requiring its use, i.e., Surgery ICU, etc. This will expedite the physicians request for immediate test results .

**H. Med Gases**

This space is the storage area for Medical Gases which will be used primarily by the ASTC but may also be available as needed for other uses including the physician's offices and some of the hospital outpatient services.

This single location will provide better security and will allow appropriate separation from the rest of the facility.

There are no standards for this area, but at 128 square feet it is very compact.

There is no single piece of equipment proposed for this building that will exceed the review threshold for major medical equipment.

**SECTION XXIV. REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**

**SSM Health Care Corporation  
SSM Regional Health Services  
Good Samaritan Regional Health Center**

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

**Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming the applicant's debt obligations in case of default) have a bond rating of "A" or better?**  
Yes  No .

**If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXX. If no is indicated, submit the most recent three years' audited financial statements including the following:**

- |                     |                                 |
|---------------------|---------------------------------|
| 1. Balance sheet    | 3. Change in fund balance       |
| 2. Income statement | 4. Change in financial position |

**APPEND THE REQUIRED DOCUMENTS AS ATTACHMENT FINANCIALS AND PLACE AFTER ALL OTHER APPLICATION ATTACHMENTS INCLUDING THE REMAINING ATTACHMENTS FOR THIS SECTION AND FOR SECTION XXX.**

**A. Criterion 1120.210.a, Financial Viability**

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B
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. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

**APPEND DOCUMENTATION AS ATTACHMENT FIN-1 AFTER THE LAST PAGE OF THIS SECTION.**

**B. Criterion 1120.210.b, Availability of Funds**

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

\_\_\_\_\_ Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

\_\_\_\_\_ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

\_\_\_\_\_ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\_\_\_\_\_ Debt Financing (indicate type(s) \_\_\_\_\_)

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

\_\_\_\_\_ Governmental Appropriations

Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

\_\_\_\_\_ Grants

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

\_\_\_\_\_ Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\_\_\_\_\_ TOTAL FUNDS AVAILABLE

**APPEND DOCUMENTATION AS ATTACHMENT FIN-2 AFTER THE LAST PAGE OF THIS SECTION.**

**C. Criterion 1120.210.c, Operating Start-up Costs**

*If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes  No . If yes is indicated read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.*

**The estimated start-up cost and operating deficit for the proposed project totals \$596,080.**

**SECTION XXV. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)**

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

**A. Criterion 1120.310.a, Reasonableness of Financing Arrangements**

Is the project classified as a Category B project? Yes  No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes  No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing?  Yes  No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. 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.

**APPEND DOCUMENTATION AS ATTACHMENT ECON-1 AFTER THE LAST PAGE OF THIS SECTION.**

**B. Criterion 1120.310.b, Conditions of Debt Financing**

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

**APPEND DOCUMENTATION AS ATTACHMENT ECON-2 AFTER THE LAST PAGE OF THIS SECTION.**

**C. Criterion 1120.310.c, Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

**SECTION XXIV. REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**

**Mount Vernon Physicians, LLC**

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

**Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming the applicant's debt obligations in case of default) have a bond rating of "A" or better?**  
 Yes  No .

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXX. If no is indicated, submit the most recent three years' audited financial statements including the following:

- |                     |                                 |
|---------------------|---------------------------------|
| 1. Balance sheet    | 3. Change in fund balance       |
| 2. Income statement | 4. Change in financial position |

**APPEND THE REQUIRED DOCUMENTS AS ATTACHMENT FINANCIALS AND PLACE AFTER ALL OTHER APPLICATION ATTACHMENTS INCLUDING THE REMAINING ATTACHMENTS FOR THIS SECTION AND FOR SECTION XXX.**

**A. Criterion 1120.210.a, Financial Viability**

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B
Enter Historical and/or Projected Years:				CY 2011
Current Ratio	N/A	N/A	N/A	0.0
Net Margin Percentage	N/A	N/A	N/A	-1.52%
Percent Debt to Total Capitalization	N/A	N/A	N/A	89.33%
Projected Debt Service Coverage	N/A	N/A	N/A	1.12
Days Cash on Hand	N/A	N/A	N/A	42.1
Cushion Ratio	N/A	N/A	N/A	2.0

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. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

**APPEND DOCUMENTATION AS ATTACHMENT FIN-1 AFTER THE LAST PAGE OF THIS SECTION.**

**B. Criterion 1120.210.b, Availability of Funds**

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

\$3,220,425 \_\_\_\_\_ Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

\_\_\_\_\_ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

\_\_\_\_\_ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\$28,983,245 Debt Financing (indicate type(s) Mortgage )

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

\_\_\_\_\_ Governmental Appropriations

Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

\_\_\_\_\_ Grants

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

\$11,254,102 Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project. **SSM Health Care corporation will be funding all build-out on their leased space beyond the \$40 per square foot allowed in the lease. That funding will be \$11,254,102 in cash. SSM Health Care Corporation has an A bond rating as required by this criterion.**

\$43,458,347 \_\_\_\_\_ TOTAL FUNDS AVAILABLE

**APPEND DOCUMENTATION AS ATTACHMENT FIN-2 AFTER THE LAST PAGE OF THIS SECTION.**

**C. Criterion 1120.210.c, Operating Start-up Costs**

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes   
No . If yes is indicated read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

**The estimated start-up cost and operating deficit for the proposed project totals \$325,000 as it relates to the MOB as a whole. (The hospital does not anticipate an operating deficit nor start-up costs because they will be moving existing staff and supplies from the existing hospital and continuing to operate during the transition.) This amount is for 2 months of debt service and is included in the initial equity amount for the project.**

**SECTION XXV. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)**

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

**A. Criterion 1120.310.a, Reasonableness of Financing Arrangements**

Is the project classified as a Category B project? Yes  No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes  No  If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing?  Yes  No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. 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.

**APPEND DOCUMENTATION AS ATTACHMENT ECON-1 AFTER THE LAST PAGE OF THIS SECTION.**

**B. Criterion 1120.310.b, Conditions of Debt Financing**

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. *The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;*
2. *All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.*

**APPEND DOCUMENTATION AS ATTACHMENT ECON-2 AFTER THE LAST PAGE OF THIS SECTION.**

**C. Criterion 1120.310.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)			
ASTC											
Contingency											
TOTALS											

\*Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:
  - a. that the lowest net cost available has been selected; or
  - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.

**APPEND DOCUMENTATION AS ATTACHMENT ECON-3 AFTER THE LAST PAGE OF THIS SECTION.**

3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

**APPEND DOCUMENTATION AS ATTACHMENT ECON-4 AFTER THE LAST PAGE OF THIS SECTION.**

**D. Criterion 1120.310.d, Projected Operating Costs**

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

Since the Mount Vernon Physicians LLC is not a health care facility with inpatient beds, nor does it provide direct patient care therefore, an operating cost per equivalent patient day can not be calculated. The annual operating expense is projected to be \$1,050,800. The hospital's projected operating cost per equivalent patient day is projected to be \$1,680.70 in 2011.

**E. Criterion 1120.310.e, Total Effect of the Project on Capital Costs**

Is the project classified as a category B project? Yes  No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130.f (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided. **Again Mount Vernon Physicians, LLC is unable to calculate this number since they do not have inpatient beds. Good Samaritan Regional Health Center's Capital Cost per Equivalent Patient Day is \$311.14.**

**F. Criterion 1120.310.f, Non-patient Related Services**

Is the project classified as a category B project and involve non-patient related services? Yes  No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

**APPEND DOCUMENTATION AS ATTACHMENT ECON-5 AFTER THE LAST PAGE OF THIS SECTION.**

**Criterion 1120.210.a, Financial Viability**

Mount Vernon Physicians LLC is a newly formed Illinois LLC which will own and operate the proposed new medical office building. Mount Vernon Physicians LLC has sufficient financing and cash reserves to cover development of the office building as evidenced by the letter from Wells Fargo Real Estate Finance Group indicating a willingness to lend the money necessary to fund the office building.

Mount Vernon Physicians, LLC will not meet the financial ratios established by the Board because it is not set up or operated as a health care facility. For the purposes of operating a medical office building, Mount Vernon Physicians, LLC. does not have to meet the same financial requirements a hospital or long-term care facility would have to meet in order to ensure the continued operation of the facility.

No variance has been addressed to this criterion because no other entity will need to assume the debt for this project.



Real Estate Finance Group  
123 North Wacker Drive  
Suite 1900  
Chicago, IL 60606  
312 269-8250  
312 782-0969 Fax

May 6, 2008

Mr. Ronald J. Smith  
Mt. Vernon Physicians LLC  
c/o Frauenshuh HealthCare Real Estate Solutions  
7101 West 78<sup>th</sup> Street, Suite 100  
Minneapolis, MN 55439

Re: Mt. Vernon Medical Office Building  
Mt. Vernon, Illinois

Dear Mr. Smith:

Frauenshuh HealthCare and its affiliates continue to be a valued customer of the Wells Fargo Real Estate Group. Based on the preliminary development information provided on the Mt. Vernon Medical Office Building, we would have a strong desire to pursue the financing of this project. Given Frauenshuh HealthCare's financial strength and successful track record, we have the capacity and desire to increase our credit exposure to approximately \$150,000,000. Currently, the past relationship with Frauenshuh HealthCare and its affiliates has exceeded \$85 million to date.

I have spoken with you and the principals of Mt. Vernon Physicians LLC about the possibility of providing financing on this project and other affiliated projects within your organization. While subject to our due diligence and credit approval, we have a strong desire to pursue these opportunities and others to grow our relationship with Frauenshuh HealthCare and its affiliated entities. In addition, Wells Fargo would also consider placing secured, long-term fixed rate financing on any of the future projects.

At December 31, 2007, Wells Fargo had approximately \$500 billion in assets, the fifth largest among our U.S. peers, and the market value of our stock ranked fourth among our peers.

Please let me know if I can be of further assistance.

Sincerely,

James R. Saer  
Vice President

**Criterion 1120.310.b, Conditions of Debt Financing**

The required letter is appended to this attachment



May 29, 2008

Mr. Jeffrey S. Mark  
Executive Secretary  
Health Facilities Planning Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

RE: Financing Arrangements

Dear Mr. Mark:

We, Sister Mary Jean Ryan, FSM, member of the Board of Directors of SSM Health Care Corporation, and June L. Pickett, Corporate Secretary of SSM Health Care Corporation, hereby certify that the selected form of debt financing will be at the lowest net cost available to us.

Sincerely,

*Sister Mary Jean Ryan, FSM*

Sister Mary Jean Ryan, FSM  
Board of Directors  
SSM Health Care Corporation

*June L. Pickett*

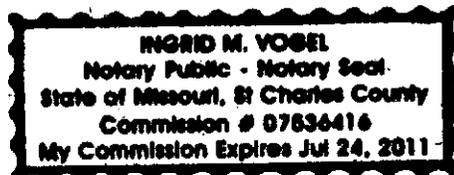
June L. Pickett  
Corporate Secretary  
SSM Health Care Corporation

SUBSCRIBED and SWORN to before me  
this 2<sup>nd</sup> day of June, 2008.

*Ingrid M. Vogel*  
Notary Public

SUBSCRIBED and SWORN to before me  
this 2<sup>nd</sup> day of June, 2008.

*Ingrid M. Vogel*  
Notary Public



477 N. Lindbergh Blvd.  
St. Louis, MO 63141-7832  
[www.ssmhc.com](http://www.ssmhc.com)

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(314) 994 7900 fax



# FRAUENSHUH

HealthCare Real Estate Solutions

A National Resource for Physicians, Hospitals, and Health System Leaders

June 20, 2008

Mr. Jeffrey S. Mark  
Executive Secretary  
Health Facilities Planning Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

RE: Financing Arrangements  
St. Mary's Good Samaritan

Dear Mr. Mark:

We, David R. Frauenshuh, CEO of Frauenshuh HealthCare Real Estate Solutions and Manager of Mt. Vernon Physicians LLC, and Jonathan P. Lewin, CFO of Frauenshuh HealthCare Real Estate Solutions and Member of Mt. Vernon Physicians LLC, hereby certify that the selected form of debt financing will be at the lowest net cost available to us.

Sincerely,

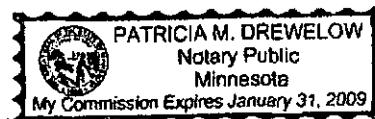
David R. Frauenshuh  
Chief Executive Officer  
Frauenshuh HealthCare

Jonathan P. Lewin  
Chief Financial Officer  
Frauenshuh HealthCare

SUBSCRIBED and SWORN to before me  
This 20<sup>th</sup> day of June, 2008.

  
Notary Public

SUBSCRIBED and SWORN to before me  
This 20<sup>th</sup> day of June, 2008.

  
Notary Public

**Criterion 1120.310.c, Reasonableness of Project and Related Costs**

Clinical - 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)	
Outpatient Women's Center	\$247.52		5,335						\$1,320,523
Cardiac Rehab.	\$247.52		4,277						\$1,058,646
Outpatient Imaging	\$246.41		9,012						\$2,230,657
Outpatient PT/OT/ST	\$247.62		7,945						\$1,966,553
Laboratory	\$247.62		7,078						\$1,751,953
Physician's Space	\$162.62		34,859						\$5,668,871
ASTC	\$272.62		13,675						\$3,728,118
Med Gases	\$162.63		128						\$20,816
Contingency	\$17.94		82,309						\$1,476,531
<b>TOTALS</b>	<b>\$233.54</b>		<b>82,309</b>						<b>\$19,222,668</b>

\*Include the percentage (%) of space for circulation

There is no single piece of equipment which meets the definition of major medical equipment.

**Criterion 1120.310.c, Reasonableness of Project and Related Costs**

The Preplanning Costs consists of the following:

Conceptual Drawings -	\$10,000
Legal Fees -	\$25,000
Total	\$35,000

Sit Survey and Soil Investigation consists of the following:

Third Party Reports (Appraisal Environmental Studies) -	\$15,000
Survey -	\$7,000
Soil Testing -	\$7,000
Total	\$29,000

Site Preparation consists of the MOB's portion of the General Site work, excavation, curbing Entry Roads all done under a single contract Total \$765,000

Consulting and Other Fees consist of the following:

Legal Fees -	\$75,000
Leasing Expenses -	\$394,074
Development Reimbursables -	\$25,000
Development Overhead -	\$1,024,451
Title Fees and Closing -	\$97,000
Financing and underwriting Expenses -	\$387,000.
CON Fees -	\$30,000
Impact Fees -	\$30,000
Moving Company -	\$14,606
Total:	\$2,077,131

Other costs to be capitalized consist of the following

Ground Rent Carry -	\$10,000
USB Special Inspections	\$25,000
Marketing Costs -	\$107,523

Mount Vernon Physicians, LLC  
Projected Viability Ratios

Current Ratio	Current Assets/Current Liabilities	\$410,000 / \$0	0.00
Net Margin Percentage	Net Income / Revenues	\$-14,410 / \$949,415	-1.52%
Percent Debt to Total Capitalization	Mortgage Payable / Total Liabilities & Equity	\$28,983,821 / \$32,398,810	89.13%
Projected Debt Service Coverage	Net Operating Income / Principal & Interest	\$886,715 / \$814,555	1.12
Days Cash on Hand	# of Days of Average Expense in Cash	\$410,000 / \$9,750	42.1
Cushion Ratio	Cash (reserves) / Principal & Interest	\$410,000 / \$204,852	2.00

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Mount Vernon Physicians, LLC

Projected Balance Sheet as of December 31, 2010

**ASSETS**

**CURRENT ASSETS**

Cash - Operating \$ 325,000

**FIXED ASSETS**

Buildings \$ 31,720,245

Accumulated Depreciation (203,335)

**TOTAL FIXED ASSETS** \$ 31,516,910

**OTHER ASSETS**

Closing Costs \$ 484,000

Accumulated Amortization (12,100)

**TOTAL OTHER ASSETS** \$ 471,900

**TOTAL ASSETS** \$ 32,313,810

**LIABILITIES & EQUITY**

**MORTGAGES AND LOANS**

Mortgages Payable - Buildings \$ 28,875,855

**EQUITY**

Capital Contributions \$ 3,452,365

YTD Income (14,410)

**TOTAL EQUITY** \$ 3,437,955

**TOTAL LIABILITIES & EQUITY** \$ 32,313,810

Mount Vernon Physicians, LLC

**Projected Statement of Income and Expenses  
For the Three Months Ended December 31, 2010**

**OPERATING REVENUE**

Rental Revenue \$ 949,415

**OPERATING EXPENSES**

Janitorial Expenses \$ 40,600

Electrical Expenses 2,000

HVAC Expenses 8,600

Elevator Expenses 2,100

Energy Expenses 50,100

General Building Expenses 53,400

Real Estate Taxes 64,400

Administrative Expenses 41,500

**TOTAL OPERATING EXPENSES** \$ 262,700

**NET OPERATING INCOME** \$ 686,715

Interest 506,589

Non Operating Expenses 3,300

**TOTAL NON OPERATING EXPENSE** \$ 509,889

**NET INCOME AFTER NON-OP EXPENSES** 176,825

**NON ESCALATABLE COSTS**

Depreciation & Amortization 191,235

**NET INCOME** \$ (14,410)

## SSM Health Care System, Missouri

### Primary Credit Analysts:

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### Credit Profile

#### Missouri Hlth & Educat Facs Auth, Missouri

SSM Hlth Care Sys, Missouri

Missouri Hlth & Ed Facs Auth (SSM Health Care System)

Long Term Rating

AA-/Stable

Affirmed

### Rationale

Standard & Poor's Ratings Services affirmed its 'AA-' rating on Missouri Health and Education Facilities Authority's series 2002A and 2005B bonds and its 'AA-' underlying rating (SPUR) on various issuer's bonds, all issued for SSM Health Care System (SSMHC).

The rating reflects:

- A solid balance sheet characterized by 233 days' cash on hand, leverage of 38%, and a cash-to-debt ratio of 142% as of Sept. 30, 2007;
- Strong operating levels with a 3.8% operating margin as of the nine months ended Sept. 30, 2007 compared with 2.5% for the same period in 2006;
- A solid business base in diversified markets located primarily in St. Louis, Madison, Wis., and Oklahoma City; and
- Strong health system management.

Offsetting credit factors include the very competitive markets in which SSMHC's primary facilities are located; the potential for new debt in 2008 to fund capital expenditures; SSMHC's ability to close a deal to sell the hospital located in Blue Island, Ill; and construction risk associated with projects at various hospitals in the system.

SSMHC owns, manages, and is affiliated with 20 acute care and two nursing homes in four states: Missouri, Illinois, Wisconsin, and Oklahoma. With more than 5,000 affiliated physicians, 24,000 employees, and 5,002 licensed beds, SSMHC provides a wide range of services, including rehabilitation, pediatrics, home health, hospice, residential, and skilled

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Jan. 3, 2008

nursing care. SSMHC's health-related businesses include information systems and support services such as materials management and home care. SSMHC also owns an interest in Dean Health Insurance, Inc., which, through a wholly owned subsidiary, operates a group model health maintenance organization throughout southern Wisconsin.

For fiscal years ended Dec. 31, 2006 and 2005, SSMHC posted operating margins of 2.6% and 3.4%. These margins were down as it compared to operations for fiscal 2003 and 2004. The majority of the decline was due to challenges in Oklahoma City and Blue Island markets. As management has focused on all of its markets there has been a good turnaround in the St. Louis and Oklahoma City markets. Management continues to focus on cutting cost and increasing its utilization in all markets. For the nine months ended Sept. 30, 2007, SSMHC posted a 3.8% operating margin compared with 2.5% for the same period in 2006. An example of this can be seen when comparing 17 facilities that SSMHC reported for the period ended Sept. 30, 2007, compared with fiscal year-end 2006. In fiscal 2006, five of the aforementioned 17 facilities were operating at an acceptable level. For the first nine months of fiscal 2007, 11 of the 17 facilities are now operating at an acceptable level. The improved performance of the six facilities continued to add to the stronger performance of SSMHC. The balance sheet has remained relatively stable over the past couple of years. At Sept. 30, 2007, days' cash on hand was equal to 233 days, leverage was 38%, and the cash-to-debt ratio was 142%.

In the near future, SSMHC has plans to ramp up capital spending as it addresses facility maintenance. With the increased capital spending, SSMHC plans to issue new debt in fiscal 2008 but plans are not finalized. SSMHC does have some debt capacity but the new debt will be reviewed at a later date.

### Outlook

The stable outlook reflects SSMHC's solid business position in the markets in which it operates, coupled with the expectation of stable financial performance. The stable outlook also takes into account Standard & Poor's expectation that SSMHC should be able to manage any minor setbacks during the construction projects at its various facilities. Standard & Poor's anticipates that SSMHC's management will continue to strengthen the health system's balance sheet and maintain the positive strides that have been made in its various markets.

### Blue Island, Ill.

SSM Health Care has signed a letter of intent with Transition Healthcare Company, to purchase St. Francis Hospital and SSM Home Care's Blue Island home health and hospice operations. The letter of intent is a non-binding agreement that can lead to a purchase and sale agreement. Although the agreement does not guarantee the sale of the hospital, it is an official indication that SSM Health Care and Transition Healthcare Company are negotiating exclusively and that no other group is involved in the process.

### Debt Derivative Profile And Indexed Put Bonds

SSMHC has entered into seven swaps, of which six were floating-to-fixed-rate swaps on a total notional amount of \$674.3 million and one was a fixed-to-floating swap on a notional amount of \$50.0 million. UBS AG (AA) and Citibank N.A. (AA+) are the counterparties on all the interest rate swaps. Standard & Poor's assigned SSMHC a Debt Derivative Profile (DDP) score of '2' on a scale of

'1' to '4', with '1' representing the lowest risk and '4' the highest. The overall DDP score of '2' indicates that SSMHC's swaps do not pose significant additional risk to the credit quality. This is mainly a result of low counterparty risk, low termination risk, and good management oversight of the swap. The biggest risk for SSMHC is basis risk if interest rates rise in the future. The total net variable-rate debt exposure is approximately 27%.

With the indexed variable-rate put bond structure, SSMHC faces renewal risk in August 2010. The choices would be to:

- Renew the index put bonds, if the option is available;
- Convert to another variable-rate alternative, if the option is available;
- Refinance with the then-current market fixed rates; or
- Pay off the outstanding debt.

However, the bondholder may put the bonds early if a credit event occurs, including bankruptcy or payment default; taxability of the bonds; or the withdrawal or lowering of the rating on SSMHC's debt to 'A-' or below. SSMHC's current credit strength, evidenced by the 'AA-' rating, provides flexibility at this time. However, should the rating on SSMHC's debt decline to the 'A' category, it will have less financial flexibility and could experience a drop in unrestricted cash balances if the bonds are put (if the rating drops to 'A-') at a time when its credit profile is declining, putting added pressure on the rating. Standard & Poor's will continue to monitor the rating on SSMHC's debt through annually scheduled reviews and will incorporate any credit effect resulting from the series 2005B bond issue in the overall long-term rating.

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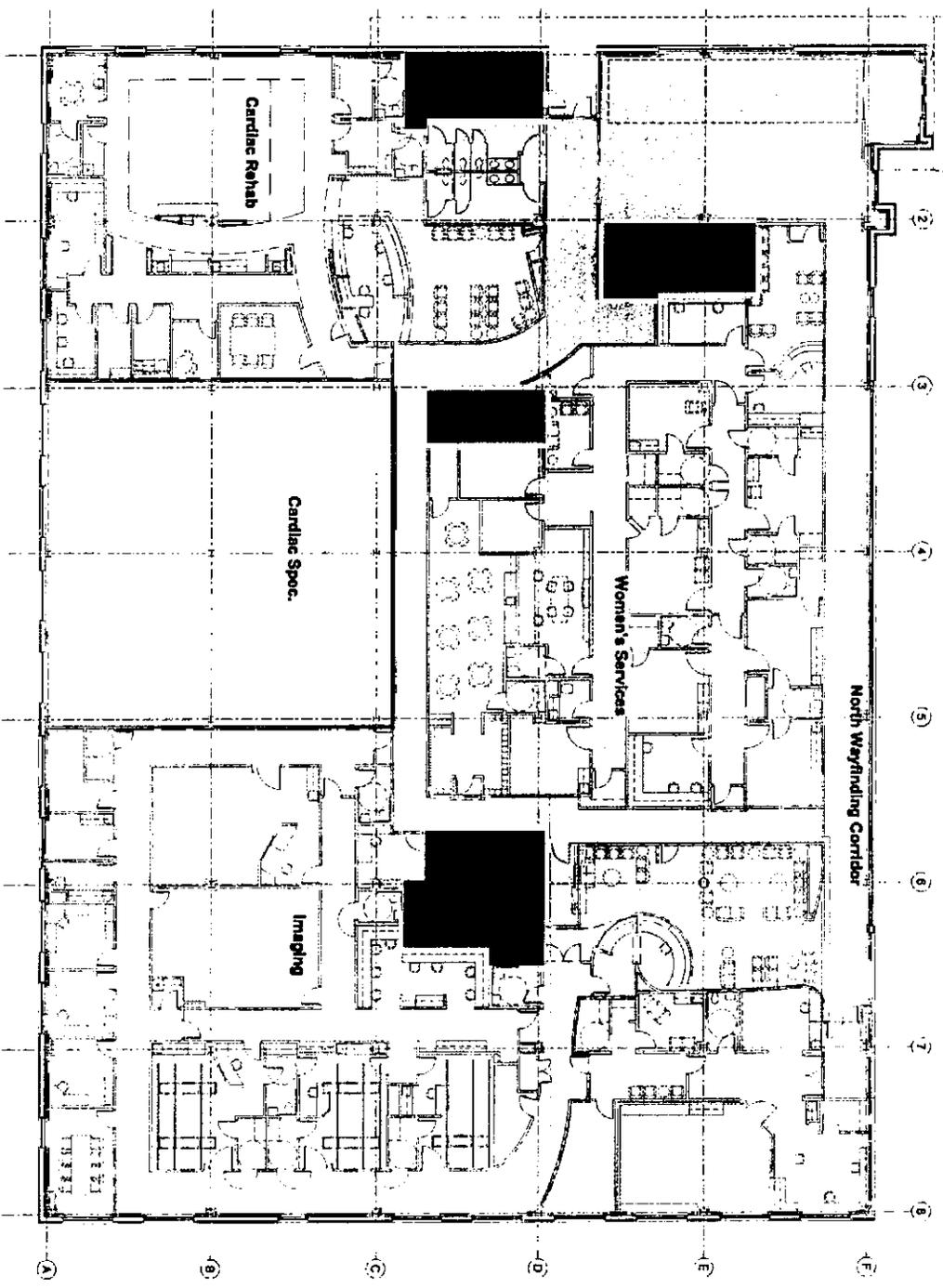
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**St. Mary's Good Samaritan**

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**FIRST FLOOR PLAN**

June 17, 2008

NO.	DATE	DESCRIPTION

**FIRST FLOOR PLAN**

DATE: \_\_\_\_\_ DRAWN: \_\_\_\_\_  
 DESIGNED: \_\_\_\_\_ CHECKED: \_\_\_\_\_  
 PROJECT NO: **A112**  
 SHEET NO: \_\_\_\_\_ OF \_\_\_\_\_





