

[ORIGINAL]

13-052

RECEIVED

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

AUG 12 2013

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION HEALTH FACILITIES & SERVICES REVIEW BOARD

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Massac County Surgery Center				
Street Address:	please see legal description in ATTACHMENT 2				
City and Zip Code:	Metropolis, IL 62960				
County:	Massac	Health Service Area	V	Health Planning Area:	n/a

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Massac County Surgery Center, LLC
Address:	c/o Greg Thompson 2605 Kentucky Ave. Bldg 3 Suite 103 Paducah, KY 42003
Name of Registered Agent:	
Name of Chief Executive Officer:	Greg Thompson, Manager
CEO Address:	2605 Kentucky Ave. Bldg 3 Suite 103 Paducah, KY 42003
Telephone Number:	270/442-9461

Type of Ownership of Applicant/Co-Applicant

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

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

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

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Greg Thompson
Title:	CEO
Company Name:	Southern Orthopedic Associates, S.C.
Address:	2605 Kentucky Ave. Bldg 3 Suite 103 Paducah, KY 42003
Telephone Number:	270/442-9461
E-mail Address:	gthompson@orthopedicinstitute.com
Fax Number:	270/441-0079

Additional Contact

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

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

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Street Address:	please see legal description in ATTACHMENT 2		
City and Zip Code:	Metropolis, IL 62960		
County:	Massac	Health Service Area	V Health Planning Area: n/a

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	OIWK Holdings, LLC
Address:	c/o Greg Thompson 2605 Kentucky Ave. Bldg 3 Suite 103 Paducah, KY 42003
Name of Registered Agent:	
Name of Chief Executive Officer:	Greg Thompson
CEO Address:	2605 Kentucky Ave. Bldg 3 Suite 103 Paducah, KY 42003
Telephone Number:	270/442-9461

Type of Ownership of Applicant/Co-Applicant

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

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- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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Fax Number:	270/441-0079

Additional Contact

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

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

Additional Contact

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

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

Additional Contact

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

Name:	Honey Jacobs Skinner
Title:	Partner
Company Name:	Sidley & Austin
Address:	1 South Dearborn Chicago, IL 60603
Telephone Number:	312/853-7577
E-mail Address:	mskinner@sidley.com
Fax Number:	312/853-7036

IDENTIFICATION OF APPLICANTS

Massac County Surgery Center, LLC ("MCSC") is a recently formed entity that will serve as the ASTC's license holder. MCSC is owned by OIWK Holdings, LLC and Massac Memorial LLC.

OIWK Holdings, LLC is a recently formed entity that has "control" of MCSC by virtue of its 51% ownership interest in MASC. The surgeons with ownership interests in OIWK Holdings, LLC are all members of Southern Orthopedic Associates, S.C. ("Southern Orthopedics"). Southern Orthopedics operates with two divisions: one located in Herrin, Illinois and one located in Paducah, Kentucky. The investors in OIWK Holdings, LLC practice through the Paducah division. Surgeons in the Herrin division have a 66% ownership interest in Southern Illinois Orthopedic Center, an IDPH-licensed ASTC, located in Herrin. Southern Illinois Healthcare Services has a 34% ownership interest in that ASTC. Many of the policies and procedures, including the charity care and financial assistance policies used at the Herrin ASTC, will be adopted by Massac County Surgery Center.

Note: Consistent with a May 22, 2013 technical assistance conference with IHFSRB staff, neither Massac Memorial LLC nor Massac Memorial Hospital qualify as applicants.

Post Permit Contact

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

Name:	H. William Hartley
Title:	CEO
Company Name:	Massac Memorial Hospital
Address:	28 Chick Street Metropolis, IL 62960
Telephone Number:	618/524-2176
E-mail Address:	billh@massachealth.org
Fax Number:	618/524-4131

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	estate of Francis Kennedy, deceased
Address of Site Owner:	2776 North Avenue Metropolis, IL 62960
Street Address or Legal Description of Site:	see ATTACHMENT 2
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name:	Massac County Surgery Center, LLC
Address:	c/o Greg Thompson 2605 Kentucky Ave. Bldg 3 Suite 103 Paducah, KY 42003
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 	
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

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

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

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

<p>Part 1110 Classification:</p> <p><input checked="" type="checkbox"/> Substantive</p> <p><input type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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2. Narrative Description

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

Massac County Surgery Center is proposed to be an ASTC, providing orthopaedic and podiatric surgery services. The ASTC will be located in a newly-constructed building on the outskirts of Metropolis, Illinois. Massac Memorial Hospital, also located in Metropolis, will indirectly own a 49% interest in the ASTC, with five surgeons and one non-physician owning 51%. The physicians, all members of a Paducah, Kentucky-based practice, will establish an office in Metropolis, prior to the ASTC's opening.

Massac Memorial Hospital is a Critical Access Hospital and the only hospital in Massac County. The hospital has traditionally provided a limited scope of surgical services. As a result, it has been the common practice to leave the State for surgical services, most typically to Paducah, Kentucky, approximately six miles away. The proposed ASTC, which will provide both orthopedic and podiatric services will not only reduce the out-migration of Illinois residents, but because of the participating surgeons' current office location in Paducah, will result in Kentucky residents coming into Illinois for surgery.

The letters from five surgeons currently practicing in Kentucky, and included in the Certificate of Need application, confirm Massac Memorial Hospital's long-standing understanding that significant out-migration from Massac County is occurring, and particularly for specialty surgery services.

As a condition of membership on the medical staff of the ASTC, all surgeons will secure active staff privileges at Massac Memorial Hospital, which will include the responsibility of taking Emergency Department "call".

The proposed project involves the establishment of a new licensed health care facility, and this is therefore categorized as a "substantive" application.

Exhibit "A"

A part of the Southeast Fourth(SE1/4) of the Southeast Quarter(SE1/4) of Section Thirty-one (31), Township Fifteen South (T15S) Range Five East (R5E) of the Third Principal Meridian, Massac County, Illinois, more particularly described as follows:

Beginning at a point in the north line of the Right-of-way of U.S. Highway 45 where the West line of the above-described forty-acre tract intersects the same. Thence run east along the north side of said highway a distance of Four Hundred Seventy-eight (478) feet; thence run north on a line parallel with the west line of said forty-acre tract a distance of Seven hundred Fifteen (715) feet; thence run west on a line parallel with the south line of said forty-acre tract a distance of Four Hundred Seventy-eight (478) feet; thence run south along the west line of the forty-acre tract a distance of Seven hundred Fifteen (715) feet to the point of beginning. EXCEPT FOR THE FOLLOWING DESCRIBED PARCEL, DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN AS THOUGH FULLY SET FORTH, CONVEYED TO THE PEOPLE OF THE STATE OF ILLINOIS, DEPARTMENT OF TRANSPORTATION (IDOT):

A part of the Southeast Quarter of the Southeast Quarter of Section 31, Township 15 South, Range 5 East of the Third Principal Meridian; thence North 00 degrees 21 minutes 30 Seconds East along the East line of the Southeast Quarter of the Southeast Quarter of said Section 31 a distance of 7.404 meters (24.29 feet) to the Point of Beginning at the grantor's Southwest corner on the Northerly existing right of way line of FA 889 (U.S. Route 45) located 5.163 meters (16.94 feet) northerly of the relocated centerline of FA 889 (U.S. Route 45) at Station 10+394.534; thence South 88 degrees 20 minutes 11 seconds East along said right of way line 145.694 meters (778.00 feet) to the grantor's Southeast corner located 5.071 meters (16.64 feet) Northerly of said relocated centerline at Station 10+248.837; thence North 00 degrees 21 minutes 30 seconds East along grantor's East line 21.934 meters (71.96 feet) to a point located 27.000 meters (88.58 feet) Northerly of said relocated centerline at Station 10+249.318; thence North 88 degrees 22 minutes 21 seconds West 145.694 meters (478.00 feet) to a point on the West line of the Southeast Quarter of the Southeast Quarter of said Section 31 and the grantor's West line located 27.000 meters (88.58 feet) Northerly of said relocated centerline at Station 10+395.015; thence South 00 degrees 21 minutes 30 seconds West along said West line 21.842 meters (71.66 feet) to the Point of beginning. Containing 0.3188 Hectares (0.788) acres, more or less.

APN. 06-31-400-023

Subject to all easements of record and all utility easements

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			\$80,000
Site Survey and Soil Investigation			25,000
Site Preparation			160,000
Off Site Work			
New Construction Contracts			3,580,000
Modernization Contracts			
Contingencies			346,000
Architectural/Engineering Fees			350,000
Consulting and Other Fees			90,000
Movable or Other Equipment (not in construction contracts)			1,046,266
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			174,340
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			\$5,851,606
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			\$292,580
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			\$5,559,026
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$5,851,606

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

Related Project Costs

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

Land acquisition is related to project Yes No
Purchase Price: \$ 375,000
Fair Market Value: \$ 375,000

The project involves the 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 \$ 268,000

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary
 Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): November 1, 2015

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-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:

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

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

FACILITY NAME: Massac Memorial Hospital		CITY: Metropolis, IL			
REPORTING PERIOD DATES: From: January 1, 2012 to: December 31, 2012					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	25	1,004	3,699	none	25
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	25	1,004	3,699	none	25

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

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

This Application for Permit is filed on the behalf of Massac County Surgery Center, LLC* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application 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

PRINTED NAME

PRINTED TITLE

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

[Handwritten Signature]

SIGNATURE

Greg Thompson

PRINTED NAME

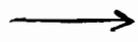
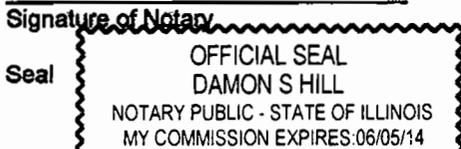
Member

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 30th day of July 2013

Damon Hill

Signature of Notary



Seal

*Insert EXACT legal name of the applicant

CERTIFICATION

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- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
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[Handwritten Signature]
SIGNATURE

SIGNATURE

H. William Hartley
PRINTED NAME

PRINTED NAME

Chief Executive Officer
PRINTED TITLE

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 29th day of July, 2013

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

[Handwritten Signature]
Signature of Notary
Seal
OFFICIAL SEAL
ROBBIN MCDANIEL
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/27/2013

Signature of Notary
Seal

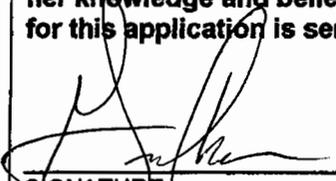
*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

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

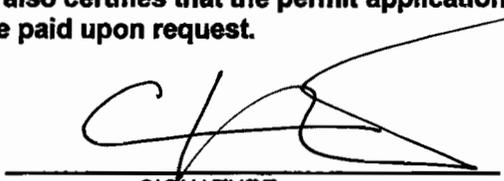
This Application for Permit is filed on the behalf of OIWK Holdings, LLC *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant 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
Greg Thompson

PRINTED NAME
Member

PRINTED TITLE



SIGNATURE
Clint Hill, MD

PRINTED NAME
Member

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 30th day of July, 2013

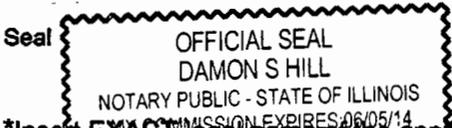
Notarization:
Subscribed and sworn to before me
this 31st day of July, 2013



Signature of Notary



Signature of Notary



Seal

*Insert EXACT legal name of the applicant

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

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

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate.**

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

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

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

ALTERNATIVES

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

Alternative options **must** include:

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

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

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

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

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ASTC	11,550 DGSF	11,950 DGSF	(400)	YES

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

PROJECT SERVICES UTILIZATION:

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

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

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

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1	ASTC	N/A	3,454 HRS	3,001+	YES
YEAR 2	ASTC	N/A	4,064 HRS	3,001+	YES

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

UNFINISHED OR SHELL SPACE:

not applicable

Provide the following information:

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

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

ASSURANCES:

Submit the following:

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

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

H. Non-Hospital Based Ambulatory Surgery

This section is applicable to all projects proposing to establish or modernize a non-hospital based ambulatory surgical treatment center or to the addition of surgical specialties.

1. Criterion 1110.1540(a), Scope of Services Provided

Read the criterion and complete the following:

a. Indicate which of the following types of surgery are being proposed:

<input type="checkbox"/> Cardiovascular	<input type="checkbox"/> Obstetrics/Gynecology	<input type="checkbox"/> Pain Management
<input type="checkbox"/> Dermatology	<input type="checkbox"/> Ophthalmology	<input checked="" type="checkbox"/> Podiatry
<input type="checkbox"/> Gastroenterology	<input type="checkbox"/> Oral/Maxillofacial	<input type="checkbox"/> Thoracic
<input type="checkbox"/> General/Other	<input checked="" type="checkbox"/> Orthopedic	<input type="checkbox"/> Otolaryngology
<input type="checkbox"/> Neurology	<input type="checkbox"/> Plastic	<input type="checkbox"/> Urology

b. Indicate if the project will result in a limited or a multi-specialty ASTC.

2. Criterion 1110.1540(b), Target Population

Read the criterion and provide the following:

- On a map (8 ½" x 11"), outline the intended geographic services area (GSA).
- Indicate the population within the GSA and how this number was obtained.
- Provide the travel time in all directions from the proposed location to the GSA borders and indicate how this travel time was determined.

3. Criterion 1110.1540(c), Projected Patient Volume

Read the criterion and provide signed letters from physicians that contain the following:

- The number of referrals anticipated annually for each specialty.
- For the past 12 months, the name and address of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility.
- A statement that the projected patient volume will come from within the proposed GSA.
- A statement that the information in the referral letter is true and correct to the best of his or her belief.

4. Criterion 1110.1540(d), Treatment Room Need Assessment

Read the criterion and provide:

- The number of procedure rooms proposed.
- The estimated time per procedure including clean-up and set-up time and the methodology used in arriving at this figure.

5. Criterion 1110.1540(e), Impact on Other Facilities

Read the criterion and provide:

- A copy of the letter sent to area surgical facilities regarding the proposed project's impact on their workload. NOTE: This letter must contain: a description of the project including its size, cost, and projected workload; the location of the proposed project; and a request that the facility administrator indicate what the impact of the proposed project will be on the existing facility.
- A list of the facilities contacted. NOTE: Facilities must be contacted by a service that provides documentation of receipt such as the US. Postal Service, FedEx or UPS. The documentation must be included in the application for permit.

6. Criterion 1110.1540(f), Establishment of New Facilities

Read the criterion and provide:

- a. A list of services that the proposed facility will provide that are not currently available in the GSA; or
- b. Documentation that the existing facilities in the GSA have restrictive admission policies; or
- c. For co-operative ventures,
 - a. Patient origin data that documents the existing hospital is providing outpatient surgery services to the target population of the GSA, and
 - b. The hospital's surgical utilization data for the latest 12 months, and
 - c. Certification that the existing hospital will not increase its operating room capacity until such a time as the proposed project's operating rooms are operating at or above the target utilization rate for a period of twelve full months; and
 - d. Certification that the proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

7. Criterion 1110.1540(g), Charge Commitment

Read the criterion and provide:

- a. A complete list of the procedures to be performed at the proposed facility with the proposed charge shown for each procedure.
- b. A letter from the owner and operator of the proposed facility committing to maintain the above charges for the first two years of operation.

8. Criterion 1110.1540(h), Change in Scope of Service

not applicable

Read the criterion and, if applicable, document that existing programs do not currently provide the service proposed or are not accessible to the general population of the geographic area in which the facility is located.

APPEND DOCUMENTATION AS ATTACHMENT-27. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

VIII. - 1120.120 - Availability of Funds

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

_ \$292,580 _	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_ \$5,559,026 _	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$5,851,606	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				Year 2
Current Ratio				16.5
Net Margin Percentage				32.9%
Percent Debt to Total Capitalization				60.0%
Projected Debt Service Coverage				4.7
Days Cash on Hand				82
Cushion Ratio				16.5

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.

2. Variance

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

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

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

Safety Net Impact Statements shall also include all of the following:

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

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year 2
Inpatient			
Outpatient			25
Total			25
Charity (cost in dollars)			
Inpatient			
Outpatient			\$1,925
Total			\$1,925
MEDICAID			
Medicaid (# of patients)	Year	Year	Year 2
Inpatient			
Outpatient			396
Total			396
Medicaid (revenue)			
Inpatient			
Outpatient			\$2,588,256
Total			\$2,588,256

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

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

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

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year 2
Net Patient Revenue			\$23,566,270
Amount of Charity Care (charges)			\$3,240,468
Cost of Charity Care			\$762,300

APPEND DOCUMENTATION AS **ATTACHMENT-44**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Anticipated Payor Mix:

Private Insurance	53%
Medicare	24%
Medicaid	16%
Other Public	3%
Self Pay	3%
Charity	<u>1%</u>
	100%



To all to whom these Presents Shall Come, Greeting:

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

MASSAC COUNTY SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON APRIL 05, 2013, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set
*my hand and cause to be affixed the Great Seal of
the State of Illinois, this 21ST
day of MAY A.D. 2013 .*

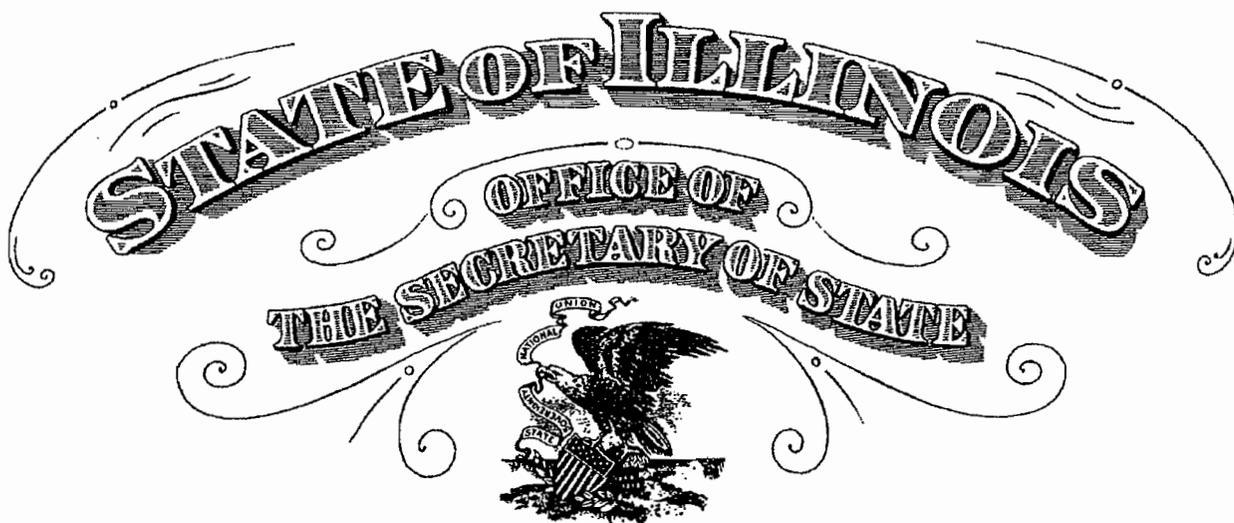
Jesse White

Authentication #: 1314102860

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

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

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

OIWK HOLDINGS, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON APRIL 23, 2013, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 22ND day of MAY A.D. 2013



Authentication #: 1314201652

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

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

EXTENSION OF OPTION TO PURCHASE REAL ESTATE

Purchaser hereby elects to extend the Option to Purchase Real Estate dated January 29 2013, by Harold Kennedy individually and as Independent Executor of the Estate of Frances Kennedy, deceased, residing at 2776 North Avenue, Metropolis, County of Massac, State of Illinois, hereinafter referred to as Seller, to Richard Kruger on behalf of Turnip Field, Inc. an Illinois corporation whose address is 110 W. 5th Street, Metropolis, County of Massac, State of Illinois, hereinafter referred to as Purchaser.

1. EXTENSION OF GRANT OPTION: Purchaser is hereby electing to extend this Option to Purchase Real Estate through and including July 31, 2013 by notifying Seller of Purchaser's intent to extend the Option and by tendering to Seller the additional sum of \$2,500.00. The sum paid for the extension shall apply to purchase price to be paid at closing. In the event Purchaser fails to close on the purchase of the real estate described herein, then Seller shall retain the sum paid for the extension of the Option to Purchase Real Estate as well as the original sum paid for the Option.

2. ORIGINAL OPTION TO PURCHASE: All remaining terms of the original Option to Purchase Real Estate shall remain in full force and effect.

IN WITNESS WHEREOF, Seller has executed this Option to Purchase Real Estate on the date first above written.

Harold Kennedy
Harold Kennedy

Estate of Frances Kennedy, deceased
By: Harold Kennedy
Harold Kennedy, Independent Executor



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 Page 1 of 6
 Massac County Recorder
 John D. Taylor County Clerk & Recorder
 File# 2013-00000208

BK **843** PG **729-734**

OPTION TO PURCHASE REAL ESTATE

Option granted this 29th day of January, 2013, by Harold Kennedy individually and as Independent Executor of the Estate of Frances Kennedy, deceased, residing at 2776 North Avenue, Metropolis, County of Massac, State of Illinois, hereinafter referred to as Seller, to Richard Kruger on behalf of Turnip Field, Inc. an Illinois corporation to be formed whose address is 110 W. 5th Street, Metropolis, County of Massac, State of Illinois, hereinafter referred to as Purchaser.

1. GRANT OPTION: Seller, in consideration of the sum of **\$2,500.00** paid by Purchaser to Seller, the receipt of which is hereby acknowledged by Seller, hereby grants to Purchaser the exclusive right and option to purchase, on the following terms and conditions, the real estate described in Exhibit "A" attached hereto and incorporated herein.

2. OPTION PERIOD: The terms of this Option to Purchase Real Estate shall be from the date of the execution of this Option to Purchase Real Estate until the 30th day of April, 2013, inclusive.

3. PURCHASE PRICE: The full purchase price of the real estate described herein shall be **\$375,000.00** which amount shall be payable as hereinafter provided if Purchaser elects to exercise this Option to Purchase Real Estate.

4. APPLICATION OF CONSIDERATION TO PURCHASE PRICE: If Purchaser elects to exercise this Option to Purchase Real Estate, the **\$2,500.00**

Date: 02/01/2013

ATTACHMENT 2

Rental Housing Support

Program Fund Surcharge: \$ 10⁰⁰

consideration paid for this Option to Purchase Real Estate shall not be applied to the purchase price.

5. EXERCISE OF OPTION: Purchaser may exercise this Option to Purchase Real Estate by giving Seller written notice thereof, signed by Purchaser, within the time above limited. Within 30 days after receipt of such notice, Seller shall deliver to Purchaser, against payment of the purchase price, a Warranty/Executor's Deed to the real estate described herein. Tender of Purchaser's valid check for the purchase price less any amount already paid by Purchaser and to be credited to him, shall constitute a sufficient tender.

6. TITLE EVIDENCE: At any time during the term of this Option to Purchase Real Estate Seller shall, upon the request of Purchaser, furnish Purchaser the following documentary evidence of Seller's title to the real estate described herein for Purchaser's examination: a Commitment for Title Insurance.

7. REAL ESTATE TAXES: Seller shall pay the 2012 real estate taxes on the above-described real estate, due and payable in 2013 and the taxes for all previous years. Purchaser shall pay the 2013 real estate taxes on the above-described real estate, due and payable in 2014 and the taxes for all subsequent years. The 2013 real estate taxes on the above-described real estate, due and payable in 2014, shall be prorated between seller and Purchaser to the date of delivery of the deed of conveyance; if such taxes are not ascertainable at the time of delivery of the deed of conveyance, the amount of the prior year's real estate taxes shall then be used as a basis of proration.

8. TERMINATION OF OPTION: If Purchaser shall not elect to exercise this Option to Purchase Real Estate, or shall fail to extend this Option to Purchase Real Estate as hereinafter provided, this Option to Purchase Real Estate and all rights of

Purchaser hereunder shall automatically and immediately terminate without notice, and Seller shall retain the sum paid as consideration for this Option to Purchase Real Estate

9. EXTENSION: Purchaser shall have the right to extend this Option to Purchase Real Estate through and including July 31, 2013 by notifying Seller of Purchaser's intent to extend the Option and by tendering to Seller the additional sum of \$2,500.00 on or before April 20, 2013. In the event Purchaser elects to exercise the Option prior to the expiration of the extension, the sum paid for the extension shall apply to purchase price to be paid at closing. In the event Purchaser fails to exercise the Option or having exercised the option, fails to close on the purchase of the real estate described herein, then Seller shall retain the sum paid for the extension of the Option to Purchase Real Estate as well as the original sum paid for the Option.

10. NOTICES: All notices provided for herein shall be deemed to have been duly given if and when deposited in the United States mail, properly stamped and addressed to the party for whom intended at the party's above-listed address, or when delivered personally to such party.

11. TIME OF ESSENCE: Time is of the essence of this Option to Purchase Real Estate.

12. ASSIGNMENT: Either party may freely assign, transfer or convey its rights hereunder to a third party. In the event one party elects to assign, convey or transfer its right hereunder, it shall, simultaneous with the making of such assignment, transfer, or conveyance, notify the other party in writing- of the name, mailing address and identity of the contact person of the assigner, transferee or grantee. The parties understand that Richard Kruger upon the formation of Turnip Field, Inc. will assign this Option to Turnip Field, Inc.

13. SUCCESSORS: This Option to Purchase Real Estate shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors, and assigns.

14. REAL ESTATE BROKER: Optionor shall be responsible for the real estate commission due Farmer & Company (Seller's Real Estate Broker) if this Option is exercised.

IN WITNESS WHEREOF, Seller has executed this Option to Purchase Real Estate on the date first above written.

Harold Kennedy

Harold Kennedy

Estate of Frances Kennedy, Deceased

By:

Harold Kennedy

Harold Kennedy, Independent Executor

ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) ss
COUNTY OF MASSAC)

I, the undersigned, a notary public in and for said County, in the State aforesaid, Do Hereby Certify, that HAROLD KENNEDY, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead. Given under my hand and notarial seal, this 29 day of January, 2013.



Notary Public

Richard Kruger
Kruger, Henry & Hunter
Attorneys at Law
110 W. 5th Street
P.O. Box 568
Metropolis, IL 62960
Telephone (618)524-9302
Fax (618) 524-9305

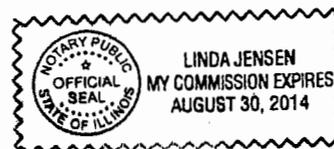


Exhibit "A"

A part of the Southeast Fourth(SE1/4) of the Southeast Quarter(SE1/4) of Section Thirty-one (31), Township Fifteen South (T15S) Range Five East (R5E) of the Third Principal Meridian, Massac County, Illinois, more particularly described as follows:

Beginning at a point in the north line of the Right-of-way of U.S. Highway 45 where the West line of the above-described forty-acre tract intersects the same. Thence run east along the north side of said highway a distance of Four Hundred Seventy-eight (478) feet; thence run north on a line parallel with the west line of said forty-acre tract a distance of Seven hundred Fifteen (715) feet; thence run west on a line parallel with the south line of said forty-acre tract a distance of Four Hundred Seventy-eight (478) feet; thence run south along the west line of the forty-acre tract a distance of Seven hundred Fifteen (715) feet to the point of beginning. EXCEPT FOR THE FOLLOWING DESCRIBED PARCEL, DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN AS THOUGH FULLY SET FORTH, CONVEYED TO THE PEOPLE OF THE STATE OF ILLINOIS, DEPARTMENT OF TRANSPORTATION (IDOT):

A part of the Southeast Quarter of the Southeast Quarter of Section 31, Township 15 South, Range 5 East of the Third Principal Meridian; thence North 00 degrees 21 minutes 30 Seconds East along the East line of the Southeast Quarter of the Southeast Quarter of said Section 31 a distance of 7.404 meters (24.29 feet) to the Point of Beginning at the grantor's Southwest corner on the Northerly existing right of way line of FA 889 (U.S. Route 45) located 5.163 meters (16.94 feet) northerly of the relocated centerline of FA 889 (U.S. Route 45) at Station 10+394.534; thence South 88 degrees 20 minutes 11 seconds East along said right of way line 145.694 meters (778.00 feet) to the grantor's Southeast corner located 5.071 meters (16.64 feet) Northerly of said relocated centerline at Station 10+248.837; thence North 00 degrees 21 minutes 30 seconds East along grantor's East line 21.934 meters (71.96 feet) to a point located 27.000 meters (88.58 feet) Northerly of said relocated centerline at Station 10+249.318; thence North 88 degrees 22 minutes 21 seconds West 145.694 meters (478.00 feet) to a point on the West line of the Southeast Quarter of the Southeast Quarter of said Section 31 and the grantor's West line located 27.000 meters (88.58 feet) Northerly of said relocated centerline at Station 10+395.015; thence South 00 degrees 21 minutes 30 seconds West along said West line 21.842 meters (71.66 feet) to the Point of beginning. Containing 0.3188 Hectares (0.788) acres, more or less.

APN. 06-31-400-023

Subject to all easements of record and all utility easements

OPERATING IDENTITY/LICENSEE

The following individuals each own 8.5% of the license-holding entity:

Brandon Strenge, MD
4787 Alben Barkley Drive
Paducah, KY

Brian Kern, MD
4787 Alben Barkley Drive
Paducah, KY

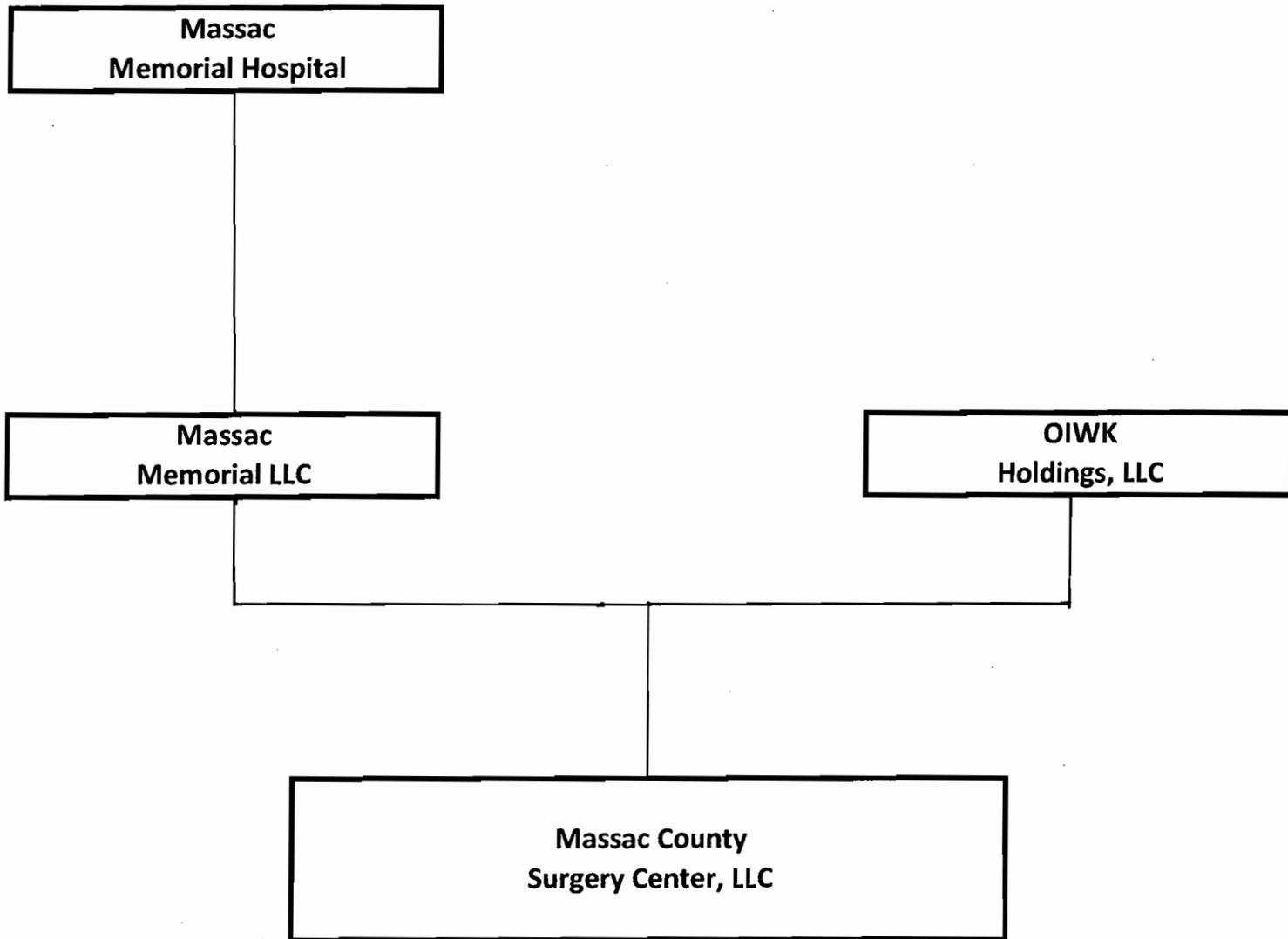
Burton Stodghill, MD
4787 Alben Barkley Drive
Paducah, KY

William Adams, DPM
4787 Alben Barkley Drive
Paducah, KY

Clint Hill, MD
4787 Alben Barkley Drive
Paducah, KY

Greg Thompson
4787 Alben Barkley Drive
Paducah, KY

ORGANIZATIONAL CHART



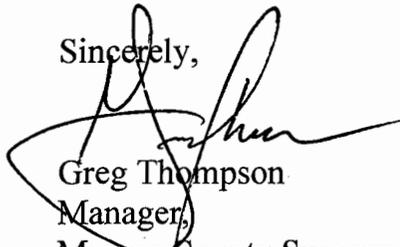
June 18, 2013

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

I hereby attest that the site of the proposed Massac County Surgery center, as identified in the Certificate of Need application addressing its establishment, is not located within a special flood hazard area, and that the proposed development of a cancer center on that site is consistent with Illinois Executive Order #2005-5.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Thompson", written over a circular stamp or seal.

Greg Thompson
Manager,
Massac County Surgery Center, LLC

ATTACHMENT 5

FLOOD ZONE MAPS

The applicants have reviewed both websites identified in the application form as being resources for flood zone maps. Neither site provides maps for Massac County.



Illinois Historic Preservation Agency

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Massac County

PLEASE REFER TO: IHPA LOG #004051013

Metropolis

NW of US 45 & Bullock Lane

Section:31-Township:15S-Range:5E

IHF SRB

New construction, surgery center

May 15, 2013

Jacob Axel

Axel & Associates, Inc.

675 North Court, Suite 210

Palatine, IL 60067

Dear Mr. Axel:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Anne E. Haaker

Deputy State Historic

Preservation Officer

ATTACHMENT 6

PROJECT COSTS

Category	Clinical	Non-Clinical	Total
Preplanning			
feasibility study/process	\$ 50,000		\$ 50,000
site evaluation/selection	\$ 10,000		\$ 10,000
legal	\$ 20,000		\$ 20,000
	<u>\$ 80,000</u>		<u>\$ 80,000</u>
Site Survey and Soil Investigation			
survey	\$ 15,000		\$ 15,000
soil investigation	\$ 10,000		\$ 10,000
	<u>\$ 25,000</u>		<u>\$ 25,000</u>
Site Preparation			
parking	\$ 40,000		\$ 40,000
drives/walkways	\$ 50,000		\$ 50,000
exterior signage/lighting	\$ 25,000		\$ 25,000
landscaping	\$ 20,000		\$ 20,000
misc.	\$ 25,000		\$ 25,000
	<u>\$ 120,000</u>		<u>\$ 120,000</u>
New Construction Contracts			
construction	\$ 3,580,000		\$ 3,580,000
Contingencies			
construction contingency	\$ 346,000		\$ 346,000
Architectural/Engineering Fees			
design	\$ 297,500		\$ 297,500
construction monitoring	\$ 17,500		\$ 17,500
interface with agencies	\$ 10,000		\$ 10,000
misc.	\$ 25,000		\$ 25,000
	<u>\$ 350,000</u>		<u>\$ 350,000</u>
Consulting and Other Fees			
CON process	\$ 50,000		\$ 50,000
IDPH reviews	\$ 10,000		\$ 10,000
permits	\$ 10,000		\$ 10,000
legal	\$ 10,000		\$ 10,000
misc.	\$ 10,000		\$ 10,000
	<u>\$ 90,000</u>		<u>\$ 90,000</u>
Movable and Other Equipment			
pls see list that follows	\$ 1,046,266		\$ 1,046,266

MASSAC COUNTY SURGERY CENTER--PROPOSED EQUIPMENT

Unit	Device	Quantity	Each	Cost	Unit Total
Surgery					
3 ROOMS	BED ACCESS. ARM BOARDS	6	\$250.00	\$1,500.00	
	BED ACCESS. BEACH CHAIR	1	\$3,495.00	\$3,495.00	
	BED ACCESS. STIRRUPS	2	\$2,950.00	\$5,900.00	
	C-ARM	1	\$90,000.00	\$90,000.00	
	CASE CARTS	4	\$1,500.00	\$6,000.00	
	CRASH CART	1	\$975.00	\$975.00	
	DEFIB/MON/BATT/PACER	1	\$5,950.00	\$5,950.00	
	ELECTROSURGICAL UNIT	3	\$3,450.00	\$10,350.00	
	FLUID MANAGEMENT	0	\$12,000.00	\$0.00	
	FLUID MANAGEMENT DOCK	0	\$12,000.00	\$0.00	
	HAMPERS	3	\$245.00	\$735.00	
	HEAD LIGHT SYSTEM	2	\$3,750.00	\$7,500.00	
	ICE/WATER DISPENSER	1	\$1,750.00	\$1,750.00	
	INSTRUMENTS/ INSTRUMENT TRAYS	1	\$100,000.00	\$100,000.00	
	LEAD APRON RACK	1	\$2,500.00	\$2,500.00	
	LEAD APRONS/OR	5	\$300.00	\$1,500.00	
	LIGHT/SURGICAL/DUAL ARM	3	\$12,950.00	\$38,850.00	
	MAYO STAND	6	\$325.00	\$1,950.00	
	MICROSCOPE/NEUROSURGICAL(REFURB)	1	\$39,900.00	\$39,900.00	
	O2 FLOWMETERS	3	\$126.00	\$378.00	
	PATIENT TRANSFER(SLIDER/ROLLER)	3	\$300.00	\$900.00	
	POWER EQUIPMENT- SAWS,DRILLS,ETC	2	\$12,500.00	\$0.00	
	VIDEO TOWERS				
	REFRIGERATOR/UC	1	\$675.00	\$675.00	
	SCRUB SINKS/DUAL	3	\$4,950.00	\$14,850.00	
	SHELVING/STORAGE SYSTEMS	1	\$10,000.00	\$10,000.00	
	SMOKE EVAC	0	\$2,450.00	\$0.00	
	STERILIZER/STEAM/FLASH 16"	1	\$32,000.00	\$32,000.00	
	STOOL/DOCTOR/W BACK	3	\$1,650.00	\$4,950.00	
	STOOL/ROUND	3	\$90.00	\$270.00	
	SUCTION REGULATORS	3	\$565.00	\$1,695.00	
	TABLE/BACK	3	\$575.00	\$1,725.00	
	TABLE/OPERATING/GENERAL	3	\$15,900.00	\$47,700.00	
	TABLE/OPERATING/SPINE	1	\$79,900.00	\$79,900.00	
	TOURNIQUET SYSTEM	1	\$5,250.00	\$5,250.00	
	WARMER/BLANKET	1	\$5,450.00	\$5,450.00	
	WASTE BASKETS/LARGE	6	\$60.00	\$360.00	
Anesthesia					
	BRONCOSCOPE/DIFFICULT AIRWAY	1	\$8,500.00	\$8,500.00	
	LIGHT SOURCE/DIFFICULT AIRWAY	1	\$2,000.00	\$2,000.00	
	ANESTHESIA SUPPLY CART	3	\$975.00	\$2,925.00	
	ANESTHESIA UNIT	3	\$24,900.00	\$74,700.00	

	MONITOR/ PHYSIOLOGICAL	3	\$9,450.00	\$28,350.00	
	MONITOR/ANESTHESIA GAS	3	\$0.00	\$0.00	
	MONITOR/BIS	3	\$2,950.00		
	SONO SITE	1	\$16,500.00	\$16,500.00	
	STIMULATOR/NERVE	3	\$500.00	\$1,500.00	
	SYRINGE PUMPS	3	\$1,450.00	\$4,350.00	
	ANES INTUBATION SYSTEM	1	\$5,950.00	\$5,950.00	
				\$0.00	
				Surg Total	\$669,733
Decontamination					
	STERILIZER/PLASMA	1	\$50,000.00		
	STERILIZER/STEAM/BULK 20"	1	\$44,000.00	\$44,000.00	
	ULTRASONIC CLEANER	1	\$1,675.50	\$1,675.50	
	WASHER/STERILIZER	1	\$25,000.00	\$25,000.00	
				Decon Total	\$70,676
Pre Op/Recovery					
5 PreOp	ASPIRATOR/TRACHEAL	1	\$495.00	\$495.00	
5 Recovery I	BLOOD GLUCOSE MONITORS	1	\$750.00	\$750.00	
5 Recovery II	CHAIR/RECOVERY	5	\$1,950.00	\$9,750.00	
	CHAIR/VISITOR	10	\$225.00	\$2,250.00	
	ECG with CART	1	\$2,595.00	\$2,595.00	
	FURNITURE	1	\$5,000.00	\$5,000.00	
	HAMPERS	10	\$220.00	\$2,200.00	
	ICE/WATER DISPENSER	1	\$1,750.00	\$1,750.00	
	MONITOR/SUBACUTE	2	\$3,350.00	\$6,700.00	
	O2 FLOWMETERS	15	\$110.00	\$1,650.00	
	PHYSIOLOGICAL PATIENT MONITOR	10	\$2,250.00	\$22,500.00	
	REFRIGERATOR/UC	1	\$450.00	\$450.00	
	SCALE/PATIENT/DIGITAL	1	\$1,250.00	\$1,250.00	
	SHELVING/STORAGE SYSTEMS	1	\$4,000.00	\$4,000.00	
	STRETCHER/PATIENT	10	\$3,500.00	\$35,000.00	
	SUCTION REGULATORS	15	\$495.00	\$7,425.00	
	THERMOMETER/DIGITAL	2	\$245.00	\$490.00	
	WALL MOUNT KIT	10	\$325.00	\$3,250.00	
	WARMER/BLANKET	1	\$3,595.00	\$3,595.00	
	WASTE BASKETS	20	\$40.00	\$800.00	
				PreOp/Rec Total	\$111,900
Utility					
	COMPUTER SYSTEM/SOFTWARE	1	\$36,000.00	\$36,000.00	
	COMPUTER/TERMINAL/PRINTERS	1	\$25,000.00	\$25,000.00	
	NURSE CALL SYSTEM	0	\$50,000.00	\$0.00	
	NETWORK DEVICES	1	\$15,000.00	\$15,000.00	
	TIME CLOCK	1	\$6,000.00	\$6,000.00	
	PHONE SYSTEM	0	\$50,000.00	\$0.00	
				Utility Total	\$82,000

ATTACHMENT 9

Other Items					
	ART WORK	0	\$5,000.00	\$0.00	
	CABINET/NARCOTIC	2	\$200.00	\$400.00	
	CART/FLAT BED	1	\$150.00	\$150.00	
	CARTS/LAKESIDE	2	\$100.00	\$200.00	
	CARTS/UTILITY	2	\$275.00	\$550.00	
	CLOCKS / SYNC	0	\$150.00	\$0.00	
	COMMODOES	1	\$150.00	\$150.00	
	CONFERENCE ROOM A/V	0	\$5,000.00	\$0.00	
	DOLLY	1	\$200.00	\$200.00	
	DRY MARKER BOARD	15	\$23.00	\$345.00	
	EYE WASH STATION	0	\$500.00	\$0.00	
	FURNITURE/WAITING ROOM	1	\$7,500.00	\$7,500.00	
	IV POLES	16	\$150.00	\$2,400.00	
	PAPER TOWEL DISPENSER	0	\$32.50	\$0.00	
	PATIENT LIFT	0	\$1,200.00	\$0.00	
	SHELVING/STORAGE SYSTEMS	1	\$5,000.00	\$5,000.00	
	SIGNAGE/INTERIOR	0	\$8,000.00	\$0.00	
	WASTE BASK/FLAME RET/REG	25	\$21.50	\$537.50	
	WASTE BASK/FLAME RET/TALL	10	\$35.00	\$350.00	
	WASTE BASKETS/BIOHAZARD	5	\$7.50	\$37.50	
	WASTE BASKETS/BIOHAZARD/LARGE	5	\$50.00	\$250.00	
	WHEEL CHAIRS	2	\$500.00	\$1,000.00	
	OTHER OFFICE FURNITURE	1	\$10,000.00	\$10,000.00	
				Other Total	\$29,070
			Total		\$963,379
Other Expenses					
	Taxes	5%		\$48,169	
	Freight	2%		\$19,268	
	Installation	2%		\$14,451	
				\$0	
			Other Expenses Total		\$81,887
			Grand Total		\$1,045,266



State of Illinois 2114502

Department of Public Health

LICENSE PERMIT CERTIFICATION REGISTRATION

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

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	FIELD NUMBERS
12/31/2000	6880	00000000

NAME OF LICENSEE
ADDRESS

BUSINESS ADDRESS

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

Ms. Courtney Avery
Illinois Health Facilities
And Services review Board
525 West Jefferson
Springfield, IL 62761

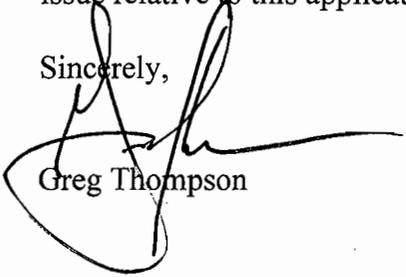
Dear Ms. Avery:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

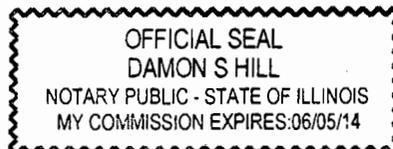
1. Neither Massac County Surgery Center, LLC nor OIWK Holdings, LLC has had any adverse actions against any Illinois facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. Massac County Surgery Center, LLC and OIWK Holdings, LLC authorize the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,


Greg Thompson

Notarized: 



ATTACHMENT 11

PURPOSE OF PROJECT

The proposed project, the development of a limited specialty ASTC in Massac County, will improve the health care and well-being of the residents of the anticipated service area. This will be accomplished by bringing surgical services into Massac County that residents of the county have typically been required to leave Illinois to obtain. These Massac County residents most often go to Paducah, Kentucky for the services to be provided in the proposed ASTC.

Massac County is located in extreme southern Illinois, and is bordered by the Ohio River, which separates Illinois from Kentucky. While a significant portion of the ASTC's patient population is, as a result of surgeon's existing office locations, anticipated to come from Kentucky, consistent with a technical assistance discussion with IHFSRB staff, only the Illinois component of the anticipated service area is referenced in this *Application for Permit*.

A map of the service area is provided in ATTACHMENT 27-2, with the service area consisting of that portion of Illinois located within approximately 50 minutes of the proposed site.

Massac Memorial Hospital is a Critical Access Hospital, and the only hospital located within the service area. The only ASTC in the service area is Community Health and Emergency Services, a 1-OR facility, located in Cairo, Illinois.

According to IDPH *Profiles*, no orthopaedic or podiatric surgery is currently performed at Massac Memorial Hospital, and utilization data for the Cairo ASTC is not available to the applicants.

During 2012, 487 outpatient surgical cases were performed at Massac Memorial Hospital, all classified as general surgery. As a result of the limited scope of services to be

provided at the proposed ASTC, it is not anticipated that the ASTC will have any impact on the hospital.

The success of this project will be measurable upon the ASTC's opening, in the form of reduced out-migration to Kentucky for surgical services.

ALTERNATIVES

Two alternatives to the establishment of the proposed limited specialty ASTC were considered, and ultimately found to be inferior to the proposed project.

The alternative of developing a multi-specialty ASTC, to include specialties such as general surgery, GYN surgery, and ophthalmology was considered, but quickly dismissed because it was inconsistent with the vision of the orthopedic surgeons to duplicate, to the greatest extent practical, the ASTC operated by their colleagues in Herrin. The development of a multi-specialty ASTC would result in a significantly higher capital cost, as a result of the need for both a larger facility, as well as the need to acquire additional equipment. Operating costs would increase, with increases in caseload. The quality of care provided in the facility would not be impacted. Accessibility to outpatient surgical services for area residents could potentially be improved, dependent on the ability to recruit surgeons.

The alternative of the participating surgeons performing their cases in Massac Memorial Hospital was dismissed for primarily financial reasons. The hospital's surgical suite does not meet the requirements of the orthopedic surgeons, and a virtual full replacement of the suite would be required. The estimated cost of doing so was \$3.7-\$4.0M in renovation-related costs, all of which would be the responsibility of the hospital. Also, the hospital's surgical suite consists of only two operating rooms, and the scope of renovation that would be necessary would require the discontinuation of surgical services for a minimum of two months, which was deemed unacceptable by the hospital. In addition, the use of the hospital's surgical suite would preclude ownership participation by the surgeons. Operating costs, accessibility and quality of care would be comparable to that of the proposed project.

SIZE OF PROJECT

The proposed ASTC will consist of three "Class C" operating rooms, five "Phase I" recovery stations (to be also used for pre-op) and seven "Phase II" recovery stations, plus the support areas required by an ambulatory surgical treatment center, and consistent with IDPH licensure requirements. A total of 11,550 DGSF will be provided, consistent with IHFSRB standards. As a result, the size of the ASTC is not excessive.

PROJECT SERVICES UTILIZATION

Letters, consistent with IHFSRB documentation requirements, from eight orthopaedic surgeons and one podiatric surgeon are provided in ATTACHMENT 27-3. For planning purposes, and consistent with the surgeons' current practice, an average of 1.75 hours (105 minutes) have been allocated to orthopaedic surgery cases and an average of 1.25 hours (75 minutes) have been allocated to podiatric surgery cases. These time allocations include OR set-up time, post-procedure room cleaning, and procedure time.

As discussed in ATTACHMENT 27-3, a total of 4,064 hours of "room" time are anticipated during the second year of operation, with a slightly lower amount anticipated during the ASTC's first year of operation, due to a typical "ramp-up" period. As a result, and using the IHFSRB's standard of 1,500 hours of OR utilization per operating room, the three proposed operating rooms are supported.

ASSURANCES

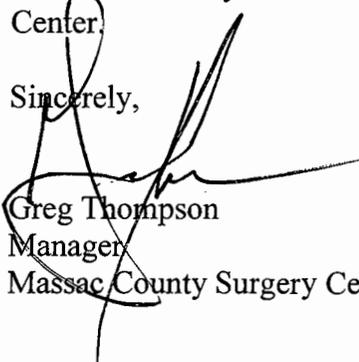
June 18, 2013

Illinois Health Facilities
and Services Review Board
Springfield, IL

To Whom It May Concern:

Please be advised that it is the anticipation of the applicants that the outpatient surgery service to be provided at Massac County Surgery Center will operate at or above the IHFSRB's target utilization rate by the second year of operation, following the opening of Massac County Surgery Center.

Sincerely,



Greg Thompson
Manager
Massac County Surgery Center, LLC

TARGET POPULATION

Massac County Surgery Center will be located in Metropolis, Illinois. Metropolis is in extreme southern Illinois, on the Ohio River, and approximately six miles to the northwest of Paducah, Kentucky. While a significant portion of the referred patients are anticipated to be Kentucky residents, consistent with IHFSRB practices, the anticipated service area used for Certificate of Need purposes includes only that portion of the anticipated service area located in Illinois.

A map, identifying the anticipated service area is located on the following page. The service area is identified as that portion of Illinois located within approximately 50 minutes driving time of the proposed ASTC site, in all directions. That geographic area was identified using USNaviguide (zipmap.net/Illinois) and MapQuest. The projected 2015 population of that area (Illinois only) is estimated to be 24,053, using ZIP Code-specific population projections developed by Geolytics. Again, and as noted above, a significant portion of the service population are anticipated to be Kentucky residents, and therefore excluded from the service area population identified for CON purposes.

Key Zip or Address Find Zipcode or click on the map.

This page shows a Google Map with an overlay of Zip Codes for the US State of Illinois. Users can easily view the boundaries of each Zip Code and the state as a whole.

[Index](#) [Instructions](#) [Zip Codes by Radius](#) [Read our Blog](#)

Illinois Zip Code Map Version 1.0 Copyright © 1996-2009 John Conrat - USNaviguide. All rights reserved.

ATTACHMENT 27-2

55

PROJECTED PATIENT VOLUME

Letters are attached from eight orthopaedic surgeons and one podiatric surgeon, documenting, consistent with IHFSRB requirements, a projected 1,935 orthopaedic surgery and 542 podiatric surgery procedures to be performed at the ASTC. The surgeon-specific utilization projections are provided in the table below.

As discussed in ATTACHMENT 27-4, 1.75 hours have been allocated per orthopaedic surgery case and 1.25 hours have been allocated for each podiatric surgery case. As a result, 4,064 hours of operating room time will be required during the second year of operation, following a “ramp up” period during the first 3-4 months following the ASTC’s opening. The “ramp up” period will result in an anticipated 3,454 hours of required operating room time during the first year of operation.

	Surgeon	Year 2 Cases	Hours
Ortho	Kern	597	
	Romine	116	
	Streng	145	
	Hill	228	
	Stodghill	295	
	DeWeese	193	
	Patel	91	
	Jackson	<u>270</u>	
		1,935	
	hrs per case*	<u>1.75</u>	
	total hours		3,386
Pod	Adams	542	
	hrs per case*	<u>1.25</u>	
			<u>678</u>
			4,064
*includes room turnover			

The utilization projections noted above are believed by the applicants to be very conservative. The surgeons providing letters are all members of Southern Orthopedics Associates, S.C. ("SOA"). SOA has recruited a hand surgeon who will join the practice in June 2013. The hand surgeon's practice is anticipated to bring approximately 700 incremental outpatient surgeries to SOA, many of which will be performed at the proposed ASTC. Because the IHFSRB limits "pledge" letters to those physicians currently in practice (the recruited hand surgeon is joining SOA from a surgical fellowship program), the surgeon's anticipated caseload cannot be used to support this Application for Permit.

Three sites at which the surgeons currently perform outpatient procedures are referenced in the attached letters. They are:

SurgiCare
2255 Medical Center Drive
Paducah, KY

Western Baptist Hospital
2501 Kentucky Avenue
Paducah, KY

Lourdes Hospital
1530 Lone Oak Road
Paducah, KY

Name (print): Brian Kern, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 623 patients in the facilities identified below.

<u>Surgicare</u>	<u>462</u> patients
<u>Western Baptist Hospital Outpatient Facility</u>	<u>221</u> patients
_____	_____ patients.

Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgicare</u>	<u>462</u> patients
<u>Western Baptist Outpatient Facility</u>	<u>135</u> patients
_____	_____ patients.

I estimate that 77% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized:

Jennifer A. Pigg
5.23.13

ATTACHMENT 27-3

Name (print): Spencer Romine, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 163 patients in the facilities identified below.

<u>Surgicare</u>	<u>37</u> patients
<u>Lourdes Outpatient Facility</u>	<u>119</u> patients
<u>Western Baptist Outpatient Facility</u>	<u>7</u> patients.

Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgicare</u>	<u>37</u> patients
<u>Lourdes Outpatient Facility</u>	<u>76</u> patients
<u>Western Baptist Outpatient Facility</u>	<u>3</u> patients.

I estimate that 80 % of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,

Spencer Romine, MD.

Notarized:

[Signature]
5/22/13

ATTACHMENT 27-3

Name (print): Brandon Strenge, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 167 patients in the facilities identified below.

Western Baptist Hospital Outpatient 167 patients
_____ patients
_____ patients.

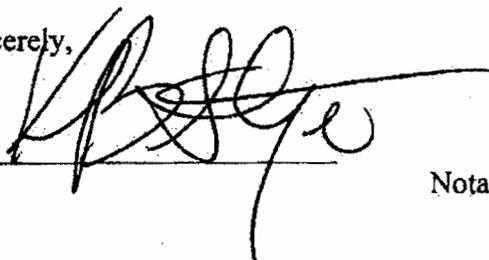
Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

Western Baptist Hospital Outpatient 145 patients
_____ patients
_____ patients.

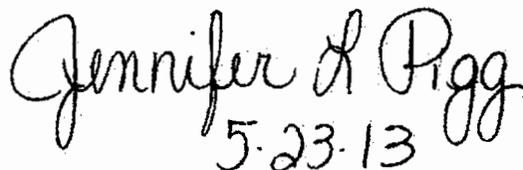
I estimate that 74% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized:


5.23.13

Name (print): Clint Hill, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 274 patients in the facilities identified below.

<u>Surgicare</u>	<u>58</u> patients
<u>Western Baptist Hospital Outpatient</u>	<u>198</u> patients
<u>Lovrodes Outpatient</u>	<u>18</u> patients.

Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgicare</u>	<u>58</u> patients
<u>Western Baptist Hospital Outpatient</u>	<u>152</u> patients
<u>Lovrodes Outpatient</u>	<u>18</u> patients.

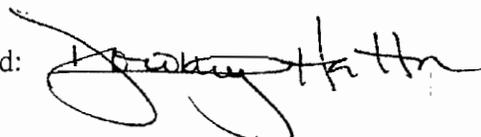
I estimate that 74% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized:


5/22/13

ATTACHMENT 27-3

Name (print): Burton Stodghill, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 384 patients in the facilities identified below.

<u>Surgi Care</u>	<u>132</u> patients
<u>Western Baptist Hospital Outpatient</u>	<u>252</u> patients
_____	_____ patients.

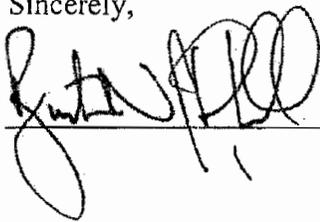
Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgi Care</u>	<u>132</u> patients
<u>Western Baptist Hospital Outpatient</u>	<u>163</u> patients
_____	_____ patients.

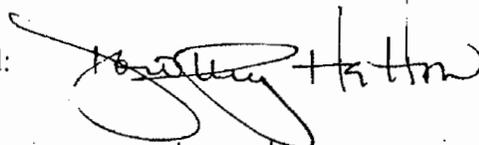
I estimate that 76% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized:


5/22/13

ATTACHMENT 27-3

Name (print): Thane DeWeese, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 363 patients in the facilities identified below.

<u>Surgicare</u>	<u>135</u> patients
<u>Lowder Outpatient</u>	<u>363</u> patients
_____	_____ patients.

Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgicare</u>	<u>46</u> patients
<u>Lowder Outpatient</u>	<u>147</u> patients
_____	_____ patients.

I estimate that 74% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,

Thane DeWeese

Notarized:

Gary Hahn

5/22/13

ATTACHMENT 27-3

Name (print): Shiraz Patel, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 256 patients in the facilities identified below.

<u>Surgicare</u>	<u>92</u> patients
<u>Lovvdes Outpatient Surgery</u>	<u>164</u> patients
_____	_____ patients.

Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgicare</u>	<u>31</u> patients
<u>Lovvdes Outpatient Surgery</u>	<u>60</u> patients
_____	_____ patients.

I estimate that 23% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,

Sy E. Lee

Jennifer L. Pigg
5.23.13

Notarized:

Name (print): Stephen Jackson, MD

Specialty: Orthopaedic Surgeon

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 452 patients in the facilities identified below.

<u>Surgicare</u>	<u>189</u> patients
<u>Western Baptist Hospital Outpatient</u>	<u>263</u> patients
_____	_____ patients.

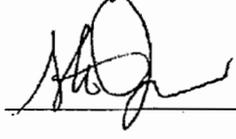
Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

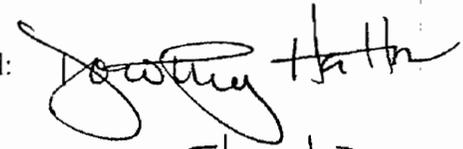
<u>Surgicare</u>	<u>92</u> patients
<u>Western Baptist Hospital Outpatient</u>	<u>178</u> patients
_____	_____ patients.

I estimate that 76% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized: 
5/22/13

65

Name (print): William Adams, DPM

Specialty: Surgical Podiatrist

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed ambulatory surgical treatment center (ASTC) to be established in Metropolis, Illinois.

During 2012 I performed outpatient surgical procedures on 542 patients in the facilities identified below.

<u>Surgicare</u>	<u>301</u> patients
<u>Western Baptist Outpatient Facility</u>	<u>241</u> patients
_____	_____ patients.

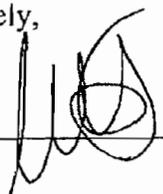
Had the proposed ASTC been available to me during 2012, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>Surgicare</u>	<u>301</u> patients
<u>Western Baptist Outpatient Facility</u>	<u>241</u> patients
_____	_____ patients.

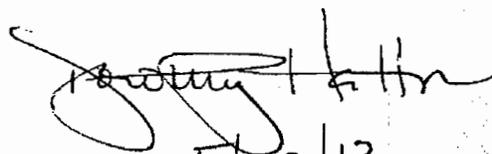
I estimate that 78% of the patients to use the proposed ASTC reside within the project's geographic service area/ 30 minutes of the proposed ASTC site.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized:


5/22/13

TREATMENT ROOM NEED ASSESSMENT

The proposed ASTC will include three Class C operating rooms, and the proposed number of operating rooms is consistent with the IHFSRB's standards and practices.

The applicants project that 1,935 orthopaedic cases and 542 podiatric surgery cases will be performed at the proposed ASTC during its second year of operation.. For planning purposes, and based on the past experience of the surgeons, 1.75 hours have been allocated per orthopaedic case and 1.25 hours have been allocated per podiatric case, resulting in 4,064 hours of required OR time. Using the IHFSRB's standard of 1,500 hours per OR, three operating rooms are being included in the project.

IMPACT ON OTHER FACILITIES

The proposed establishment of a limited-specialty ASTC will not have an adverse impact on any Illinois provider of outpatient surgery services.

There are two providers of outpatient surgery services in the identified service area, those being Massac Memorial Hospital, which will indirectly have a 49% ownership interest in Massac County Surgery Center; and Community Health and Emergency Service, a one-operating room ASTC in Cairo, Illinois. As noted in ATTACHMENT 27-3, none of the referring surgeons perform outpatient surgery at either the hospital or the Cairo ASTC. Also, and as noted in Massac Memorial Hospital's IDPH *Hospital Profile*, no orthopaedic or podiatric surgery is currently being performed at the hospital.

As noted in ATTACHMENT 27-2, Massac County is located directly across the Ohio River from Kentucky, within twenty minutes of Paducah, Kentucky. Currently, most service area residents requiring outpatient orthopaedic or podiatric services receive those services outside of Illinois, often in Kentucky, and often performed by the surgeons that will be referring patients to the proposed ASTC. In 2012, the referring surgeons performed outpatient surgery on 884 Illinois residents in Paducah, Kentucky. Virtually all of those patients would have been referred to Massac County Surgery Center, had it been available. In addition, and critical to this project, the stream of outpatient surgery patients going from Illinois to Kentucky will be partially offset by the surgeons' intent to refer many of their Kentucky patients to Massac County Surgery Center.

The attached letter was sent to the Cairo ASTC May 29, 2013. As of the filing of this application, in mid-August 2013 a response has not been received. Should a response be received, it will be forwarded to IHFSRB staff.

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by Certified Mail
delivery receipt requested

May 29, 2013

Administrator
Community Health
and Emergency Services
13245 Kessler Road
Cairo, IL 62914

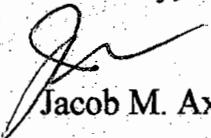
To Whom It May Concern:

Massac County Surgery Center, LLC and OIWK Holdings, LLC will soon be filing a Certificate of Need application with the Illinois Health Facilities and Services Review Board, requesting approval to establish an ASTC, providing three operating rooms in Metropolis, Illinois. The proposed ASTC will be approved for orthopaedic and podiatric surgery services.

The ASTC will be approximately 11,550 square feet, and have a project cost of approximately \$5.6M. Consistent with the practices of the surgeons anticipated to utilize the ASTC, 2,400-2,500 patients are anticipated to be treated in the facility, annually.

Consistent with the requirements of Section 1110.1540, e, you are requested, should you desire, to identify (in terms of loss of patients) the impact, if any, this proposed ASTC will have upon your facility's utilization. Should you elect to respond, it would be appreciated if you would be specific as to the number of patients that you believe that you will lose.

Sincerely,



Jacob M. Axel

ESTABLISHMENT OF NEW FACILITIES

Massac County Surgery Center is a co-operative venture with Massac Memorial Hospital, a critical access hospital, and the only hospital in Massac County. As such, the proposed project is consistent with the requirements of Section 1110.1540(f)4).

During 2012, and consistent with the hospital's 2012 IDPH *Annual Hospital Questionnaire*, 487 outpatient surgical cases were performed at the hospital. The table below presents a patient origin analysis of those patients, documenting that the patients receiving outpatient surgery at Massac Memorial Hospital reside primarily in the proposed ASTC's service area.

Massac Memorial Hospital 2012 Outpatient Surgery Patient Origin

ZIP Code	Primary Community	%	Cumulative %
62960	Metropolis	49%	49%
62910	Brookport	10%	59%
62956	Karnak	4%	62%
62995	Vienna	3%	66%
62953	Joppa	3%	69%
62908	Belknap	3%	71%
62938	Golconda	2%	74%
62941	Grand Chain	2%	76%
62943	Grantsburg	2%	77%
62946	Harrisburg	2%	79%
42003	Paducah, KY	1%	80%
62914	Cairo	1%	82%
62996	Villa Ridge	1%	83%
	others, < 1%	17%	100%

With the filing of this *Application for Permit*, Massac Memorial Hospital certifies that it will not increase its operating room capacity until such time that the proposed ASTC has been operating at or above the target utilization rate in effect at the time of the *Application for Permit's* approval, for a period of twelve full months. The hospital further certifies that for those surgical procedures performed at both the hospital and the proposed ASTC, the charges at the ASTC will be lower than those of the hospital.

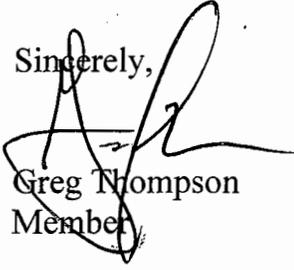
June 18, 2013

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

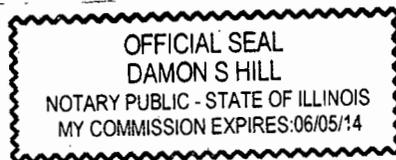
A list of proposed charges, by CPT code, is provided in Massac County Surgery Center's Certificate of Need Application. I hereby certify that the identified charges will be maintained for a minimum of two years following the ASTC's opening.

Sincerely,


Greg Thompson
Member

Notarized:





ATTACHMENT 27-7

MASSAC COUNTY SURGERY CENTER
CHARGE STRUCTURE

CPT Code	ASTC Charge
11760	\$1,665
20610	\$1,665
20680	\$4,660
20930	\$10,406
20931	\$10,406
20936	\$10,406
20937	\$10,406
20938	\$10,406
22102	\$10,545
22102	\$7,354
22103	\$10,545
22103	\$7,354
22551	\$17,504
22552	\$13,901
22554	\$17,504
22585	\$13,901
22610	\$17,504
22612	\$17,504
22614	\$13,901
22630	\$17,504
22632	\$3,680
22840	\$12,958
22841	\$12,958
22842	\$12,958
22843	\$12,958
22844	\$12,958
22845	\$12,958
22846	\$12,958
22847	\$12,958
22849	\$12,958
22851	\$3,535
22852	\$10,217
22855	\$10,217
22899	\$12,958
23120	\$6,472
23130	\$9,645
23410	\$9,645
23412	\$9,645
23430	\$9,645
23700	\$2,915
24359	\$6,472
25000	\$4,364
25111	\$4,364

MASSAC COUNTY SURGERY CENTER
CHARGE STRUCTURE

25310	\$6,472
25447	\$8,047
25605	\$1,665
25606	\$5,356
25607	\$14,141
26055	\$3,326
26123	\$5,797
26160	\$3,326
26418	\$3,326
26608	\$5,356
26615	\$10,560
26727	\$5,356
26951	\$3,326
27570	\$2,915
27792	\$10,560
28308	\$4,444
29806	\$10,887
29822	\$5,924
29823	\$10,887
29824	\$5,924
29826	\$5,924
29827	\$10,887
29828	\$10,887
29846	\$5,924
29873	\$5,924
29875	\$5,924
29876	\$5,924
29877	\$5,924
29880	\$5,924
29881	\$5,924
29882	\$5,924
29888	\$16,448
63020	\$16,142
63030	\$16,142
63035	\$16,142
63040	\$16,142
63042	\$16,142
63043	\$8,071
63044	\$17,410
63045	\$17,410
63046	\$17,410
63047	\$17,410
63048	\$17,410
63055	\$20,301
63056	\$17,410
63057	\$17,410
63075	\$7,339

MASSAC COUNTY SURGERY CENTER
CHARGE STRUCTURE

63076	\$7,339
63081	\$19,805
63082	\$7,339
63103	\$3,718
63650	\$17,753
63650	\$22,022
63655	\$29,304
63655	\$11,473
63685	\$77,157
63685	\$14,074
64415	\$1,665
64417	\$1,665
64447	\$1,665
64450	\$1,665
64718	\$3,773
64721	\$3,773

Massac ASC					
Balance Sheet					
2nd Full Year of Operations					
Assets					
Current Assets					
Cash		\$	1,107,669		
Accounts Receivable			1,736,630		
Inventory - Drugs & Supplies			242,803		
Prepaid Expenses			100,000		
	Total Current Assets		3,187,102		
Fixed Assets					
Land			215,000		
Building			5,666,645		
Accum Depreciation - Building			(849,996)		
Equipment			2,439,775		
Accum Depreciation - Equipment			(1,219,887)		
	Total Fixed Assets		6,251,537		
Other Assets			35,000		
	Total Assets	\$	9,473,639		
Liabilities And Members' Equity					
Current Liabilities					
Accounts Payable		\$	313,000		
Accrued Expenses			65,000		
Line of Credit			-		
Current Portion of Long-term Debt			484,612		
	Total Current Liabilities		862,612		
Long-Term Liabilities					
Long-Term Debt			5,164,494		
	Total Long-term Liabilities		5,164,494		
	Total Liabilities		6,027,106		
Members' Equity					
Members' Equity			3,446,533		
	Total Members' Equity		3,446,533		
	Total Liabilities and Members' Equity	\$	9,473,639		

Massac ASC			
Income Statement			
2nd Full Year of Operations			
Net Patient Revenue		\$ 8,356,653	
Operating Expenses			
Salary and Benefits		1,044,892	
Insurance & Licenses		56,194	
Illinois Use Tax		5,390	
Drugs & Supplies		1,942,423	
Other Supplies		72,141	
Building & Occupancy		279,772	
Depreciation and Amortization		694,961	
General & Administrative		1,135,167	
Legal & Accounting		10,609	
Interest Expense		348,680	
Miscellaneous		15,914	
	Total Operating Expenses	5,606,143	
	Net Income	\$ 2,750,510	



Date: 07-19-13

To: Greg Thompson CEO The Orthopedic Institute

Bill Hartley CEO Massac Memorial Hospital

From Steve Vogt CFO City National Bank

RE: Loan commitment

City National Bank (CNB) is pleased to provide the following loan commitment based on the following terms and conditions:

Borrower: Massac ASC a newly formed LLC

Guarantors: Massac Memorial Hospital – 49.0% of total loan

Stodghill 7.3% of total loan

Strengge 7.3% of total loan

Kern 7.3% of total loan

Hill 7.3% of total loan

Romine 7.3% of total loan

Adams 7.3% of total loan

Thompson 7.3% of total loan

Loan Amount: Up to \$6,000,000 (six million dollars)

Repayment Terms: Monthly interest during the 12 month construction term

ATTACHMENT 39



180 month amortization post construction

Interest rate: National Prime rate + 1.50% at time of loan origination. Loan is repricable every 5 years.

Maturity: 192 months (12 month construction term and 180 month amortization term)

Collateral: First mortgage on surgery center in Massac County and security agreement on equipment, furniture, fixtures and receivables. Assignment of lease(s).

Loan Costs: Borrower will be responsible for all costs associated with the loan closing, including but not limited to attorney, appraisal and recording fees. Anticipated closing costs include but are not limited to the following type and amounts:

Title opinion and title insurance estimated to be \$3,000

Appraisal estimated to be \$3,500

Attorney review of loan closing documents – amount to be determined

Construction progress reports – amount to be determined

Contingencies: Loan closing will be subject to the following contingencies:

All shareholder loans (if any) will be subordinate to this loan

CNB's acceptance and review of a construction contract from a third party contractor

Advances will be subject to borrower presenting contractor invoices to be approved by CNB or the Bank's third party representative.

ATTACHMENT 39



Insurance: Hazard insurance from a company acceptable to CNB for the full insurable value of the real property, equipment and other assets and loss payee clauses in favor of CNB.
Liability insurance acceptable to CNB.

Appraisal: An appraisal will be required prior to closing from a qualified appraiser of CNB's choice.

Advance rate: CNB will lend up to 95% of the project cost up to a maximum of \$6,000,000.

Documentation: All documents related to this loan shall be in an acceptable form to CNB.

Financial Statements: Borrower and guarantors will provide periodic financial statements as required by CNB.

Other Documentation: Any other documents that may be required by CNB must be furnished upon request.

Adverse Change: This commitment may be revoked upon a material change in the financial condition of the borrower or guarantors.

Assumption: This loan cannot be assumed in whole or in part by any other parties without prior written consent of CNB.

Renewals: Subsequent renewals shall be at the discretion of CNB

Expiration: This commitment is valid until 09-01-14.

By accepting this commitment, you certify that all the information submitted and made a part of the loan application reflects all the facts pertaining to your application.

Sincerely,

Steve Vogt, CFO

ATTACHMENT 39

Massac ASC					
Ratios					
2nd Full Year of Operations					
Current Ratio					
Current Assets			\$ 3,187,102	<i>a</i>	
Current Liabilities			\$ 862,612	<i>b</i>	
Current Ratio	<i>(a / b)</i>		3.7		
Standard (1.5 or more)					
Net Margin Percentage					
Net Income			\$ 2,750,510	<i>c</i>	
Net Operating Revenues			\$ 8,356,653	<i>d</i>	
Net Margin Percentage	<i>(c / d)</i>		32.9%		
Standard (3.5% or more)					
Long-Term Debt to Capitalization					
Long-Term Debt			\$ 5,164,494	<i>e</i>	
Long-Term Debt			\$ 5,164,494		
Net Assets			3,446,533		
Capitalization			\$ 8,611,027	<i>f</i>	
Long-Term Debt to Capitalization	<i>(e / f)</i>		60.0%		
Standard (80% or less)					
Projected Debt Service Coverage					
Net Income			\$ 2,750,510		
Depreciation			694,961		
Interest Expense			348,680		
			\$ 3,794,151	<i>g</i>	
Interest Expense			\$ 348,680		
Principal Payments			458,391		
Total Debt Service			\$ 807,071	<i>h</i>	
Projected Debt Service Coverage	<i>(g / h)</i>		4.7		
Standard (1.75 or more)					

Massac ASC					
Ratios					
2nd Full Year of Operations					
Days Cash on Hand					
Cash			\$ 1,107,669	<i>i</i>	
Operating Expense			\$ 5,606,143		
Less: Depreciation			(694,961)		
Operating Expense less Depreciation			4,911,182		
Divided by Days in Year		/	365		
			\$ 13,455	<i>k</i>	
Days Cash on Hand	<i>(i / k)</i>		82.3		
Standard (45 or more days)					
Cushion Ratio					
Cash			\$ 1,107,669		
Amount Available from Line of Credit			\$ 1,107,669	<i>m</i>	
Interest Expense			\$ 348,680		
Principal Payments			458,391		
Total Annual Debt Service			807,071		
Divided by Months in Year		/	12		
Total Monthly Debt Service			\$ 67,256	<i>n</i>	
Cushion Ratio (months)	<i>(m / n)</i>		16.5		
Standard (3.0 or more)					

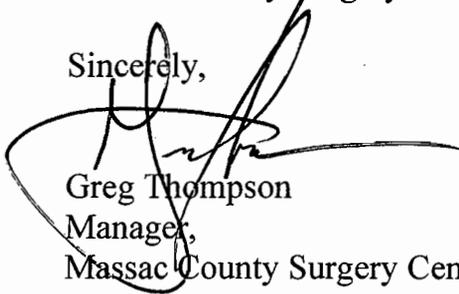
June 19, 2013

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

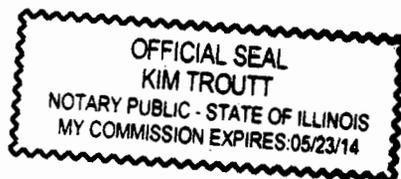
I hereby attest that the debt used to finance a portion of the proposed surgery center's capital costs will be procured at the most reasonable terms believed to be available to Massac County Surgery Center, LLC at the time financing is secured.

Sincerely,



Greg Thompson
Manager,
Massac County Surgery Center, LLC

Notarized: Kim Troutt
6-19-13



COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A		B		C		D		E		F		G		H		Total		
	Cost/Sq. Foot	Foot	Mod.	Mod.	Gross Sq. Ft.	Gross Sq. Ft.	Circ.	Circ.	Mod.	Mod.	Gross Sq. Ft.	Circ.	Const. \$	Const. \$	Mod. \$	Mod. \$	Costs	Costs	
	New				New								(A x C)		(B x E)		(G + H)		
<u>Reviewable</u>																			
ASTC	\$	309.96			11,550								\$	3,580,000			\$	3,580,000	
contingency	\$	29.96											\$	346,000			\$	346,000	
TOTAL	\$	339.91											\$	3,926,000			\$	3,926,000	

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PROJECTED OPERATING COST EFFECT OF CAPITAL COSTS per CASE

MASSAC COUNTY SURGERY CENTER
YEAR 2 OF OPERATIONS

CASES: 2,477

Projected Operating Cost:

salaries & benefits:	\$	1,044,892
medical supplies & drugs:	\$	1,942,423
	\$	2,987,315

Operating Cost per Case:	\$	1,206.02
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Projected Capital Cost:

Depreciation & Amort.:	\$	694,961
Interest	\$	348,680
	\$	1,043,641

Capital Cost per Case:	\$	421.33
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SAFETY NET STATEMENT

The proposed project is limited to the establishment of an ambulatory surgery treatment center (ASTC), and as such, will not be providing any traditional "safety net services". Massac County Surgery Center will, however, accept Medicaid recipients, and operate with a charity care policy; with the decision to provide charity care determined on a case-by-case basis, following an assessment of the patient's ability to pay for services.

Massac Memorial Hospital will hold an ownership interest in the ASTC, and the potential exists for a portion of the revenues to be realized from the ASTC's operations to be used by the hospital to provide safety net services in the community.