15-040

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
AUG 18 2015
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects. [ORIGINAL

Facility/Project Identification

Facility Name :	Rockford Memorial Hospital-Riverside Boulevard Campus Medical Clinics Building			
Street Address:	I-90/39 & East Riverside Blvd. (legal description provided)			
City and Zip Code:	Rockford Township, Winnebago County, Illinois 61114			
County:	Winnebago	Health Service Area	I	Health Planning Area: B-01

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Interstate Alliance, Inc. d/b/a MercyRockford Health System
Address:	2400 N. Rockton Avenue Rockford, IL 61103
Name of Registered Agent:	
Name of Chief Executive Officer:	Javon R. Bea
CEO Address:	2400 N. Rockton Avenue Rockford, IL 61103
Telephone Number:	815/971-5000

Type of Ownership of Applicant/Co-Applicant

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

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

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

Primary Contact
[Person to receive ALL correspondence or inquiries)

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

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

Name:	James P. Evans
Title:	Vice President and General Counsel
Company Name:	Rockford Health System
Address:	2350 N. Rockton Avenue Rockford, IL 61103
Telephone Number:	815/971-5000
E-mail Address:	jpevans@rhsnet.org
Fax Number:	815/961-1449

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

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City and Zip Code:	Rockford Township, Winnebago County, Illinois 61114
County: Winnebago	Health Service Area I Health Planning Area: B-01

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Rockford Memorial Hospital
Address:	2400 N. Rockton Avenue Rockford, IL 61103
Name of Registered Agent:	
Name of Chief Executive Officer:	Javon R. Bea
CEO Address:	2400 N. Rockton Avenue Rockford, IL 61103
Telephone Number:	815/971-5000

Type of Ownership of Applicant/Co-Applicant

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

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[Person to receive ALL correspondence or inquiries)

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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:	James P. Evans
Title:	Vice President and General Counsel
Company Name:	Rockford Health System
Address:	2350 N. Rockton Avenue Rockford, IL 61103
Telephone Number:	815/971-5000
E-mail Address:	jpevans@rhsnet.org
Fax Number:	815/961-1449

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:	James P. Evans
Title:	Vice President and General Counsel
Company Name:	Rockford Health System
Address:	2350 N. Rockton Avenue Rockford, IL 61103
Telephone Number:	815/971-5000
E-mail Address:	jpevans@rhsnet.org
Fax Number:	815/961-1449

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Rockford Memorial Hospital

Address of Site Owner: 2400 N. Rockton Avenue Rockford, IL 61103

Street Address or Legal Description of Site: legal description provided

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: Rockford Memorial Hospital

Address: 2400 N. Rockton Avenue Rockford, IL 61103 (current)

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

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each 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.

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)]

Part 1110 Classification:

Substantive

X Non-substantive

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.

The applicants are submitting three Certificate of Need (CON) applications, addressing three projects that are inter-related and dependent on one another. Upon completion of the projects, the applicants will operate two hospital campuses that have a common licensee, Board and Medical Staff. For purposes of the CON applications, Rockford Memorial Hospital's current location will be referred to as the RMH Rockton Avenue Campus, or RMH-Rockton Avenue. The second hospital facility will be referred to as the RMH Riverside Boulevard Campus or RMH-Riverside. In addition, it is anticipated that, at some point following CON approval, the name of Rockford Memorial Hospital will be changed to reflect the two-campus structure and its affiliation with MercyRockford Health System.

RMH-Riverside will be located immediately to the southeast of the intersection of I-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois (a legal description of the site is attached) on undeveloped property.

The project addressed in this application addresses the establishment of a medical clinics building (MCB) on the RMH-Riverside campus, which will be physically connected to the proposed hospital facility. Approximately 50% of the space in the medical clinics building will be used as physicians' offices, with the remainder being allocated for a limited scope of outpatient services, administrative functions and support and public areas.

A second project, which is addressed in a separate application, addresses the establishment of the second hospital facility referenced above, which will be physically connected to the medical clinics building addressed in this CON application. That facility will include Medical/Surgical, Obstetrics, Pediatrics, and ICU beds, a regional NICU, a Level I Trauma Center, a convenient care center, a wide scope of outpatient services, and hospital support services.

A third project, which is also addressed in a separate application, addresses a reconfiguration of the existing Rockford Memorial Hospital campus, through the repurposing of a portion of the hospital's existing space for a variety of uses, including the housing of community-based not-for-profit agencies. Medical/Surgical, ICU, Acute Mental Illness, and observation beds, a variety of outpatient services, Emergency Department, ancillary clinical services, support services, a convenient care center and physicians' offices will remain at RMH-Rockton Avenue, which will maintain its IDPH license as an acute care hospital.

This is a non-substantive application because it does not address the establishment or discontinuation of any IDPH-designated category of service, and the services to be provided in the MCB will be limited to outpatients.

OFFICE OF THE GOVERNOR
207 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

BRUCE RAUNER
GOVERNOR

August 13, 2015

MercyRockford Health System
Rockford, Illinois 61101

Congratulations!

As Governor of the State of Illinois, I am pleased to welcome everyone gathered for the MercyRockford Health System announcement to build a brand new hospital in Rockford, Illinois.

I would like to take this opportunity to commend the organizers and volunteers of today's event. This is an opportune moment to rejoice in the fact that MercyRockford Health Systems chose to move their corporate headquarters to Rockford. Located off of I-90, this $350 million healthcare facility is one of the largest and most significant projects in Rockford. By expanding upon the current neonatal region program, this hospital will become the most state-of-the-art health center. Furthermore, this project will expand services, strengthen patient care, enhance access, and bring jobs and economic growth to the region while helping Rockford become a healthcare destination.

On behalf of the people of Illinois, I offer my best wishes for a memorable event and many years of success.

Sincerely,

Bruce Rauner
Governor, State of Illinois

Scott H. Christiansen

County Board Chairman

County of Winnebago

Ms. Courtney Avery, Administrator
525 West Jefferson
Illinois Health Facilities and Services Review Board
Springfield, IL 62761

July 29, 2015

Dear Ms. Avery:

I have been honored to serve as Chairman of the Winnebago County Board since 2004. Over that time period, the county has engaged with many health care providers as they make plans to provide or expand services in Winnebago County.

Like other government officials, we at the county have been concerned about the long-term impact of these plans on access to care, jobs, and outmigration. And, because Winnebago County borders Wisconsin, we have also been concerned with the county's ability to attract and retain services, knowing that the continued existence of those services is critical to the wellbeing of our citizens and our communities.

Because our primary focus has been economic development, coupled with providing the best possible services for our residents, we were exceptionally honored and grateful to learn that MercyRockford has chosen to locate its corporate offices in Illinois. Their investment of dollars and resources into expanded health services in the Winnebago County region, strengthens our entire health care industry statewide .

MercyRockford's choice to develop an innovative "one hospital, two campus" plan will insure the vitality and accessibility of services at both the existing Westside Rockton Avenue campus, as well as at the new Riverside campus. This decision, I believe, reflects MercyRockford's commitment to our entire region.

We are very aware that these dollars might have been invested elsewhere. MercyRockford's development on its Riverside campus will inject significant new capital dollars into Winnebago County and the State of Illinois. This project will have a major impact on the region, both from a health care perspective, as well as an economic one.

Best Regards,

Scott H. Christiansen, Chairman
Winnebago County Board

404 Elm Street • Room 533 • Rockford, IL 61101 Phone (815) 319-4225 • Fax (815) 319-4226

E-mail: countyboardchairmansoffice@wincoil.us Website: www.wincoil.us

It is our mission to provide high quality services and promote a safe community for all people in Winnebago County.

GA

THE CITY OF ROCKFORD ILLINOIS, USA

Lawrence J. Morrissey
Mayor
Office of the Mayor

August 11, 2015

Ms. Courtney Avery
Administrator
525 West Jefferson
Illinois Health Facilities and Services Review Board
Springfield, IL 62761

Dear Ms. Avery:

This letter is submitted in support of MercyRockford's applications to your agency.

As Mayor of the City of Rockford since 2005, I am directly involved in the operations and oversight of the City's Fire Department EMS system. I work closely with our local medical systems. I am also involved in assessing the current and future health care needs of our community. Our community's medical systems support our quality of life and core economic activity. Consequently, I have been engaged with MercyRockford about their recent merger of Mercy Alliance, Inc. and Rockford Health System. I believe that this merger can bring economic vitality and opportunity while improving the quality of care to the residents of my community.

I am optimistic that the specific projects before you, including the construction of a new East Side Rockford Campus, can help achieve these important goals. The City of Rockford is committed to working with MercyRockford on the implementation of these projects to ensure that the long-standing commitment of MercyRockford to the residents of the west side of Rockford is fulfilled, while seeking to expand access to critical services through the development of its East Side Riverside/I-90 campus.

Ensuring Quality Care to Rockford's West Side Residents

Of critical importance to me is to ensure that the entire Rockford community, particularly those sections of our community that are the most vulnerable as it relates to poverty and poor health outcomes, receive equal and quality access to healthcare. MercyRockford has assured me that they will continue to provide vital healthcare services to Rockford's west side through its commitment to the Rockton Avenue campus. Specifically, MercyRockford will continue to operate 94 inpatient beds, an emergency department, a surgical suite, and a wide range of inpatient and outpatient support services at its Rockton Avenue campus on the west side.

Although part of the MercyRockford plan includes the closure of a large medical building on the Rockton Avenue Campus, MercyRockford has committed to work with the City of Rockford and our economic development partners to create a binding operating partnership for that building that will help us grow new high-quality jobs for our community. In fact, we believe that this generous partnership can result in a significant opportunity to market that building as a hub for technology and healthcare-related jobs anchored by the significant broadband fiber optic backbone integrated into the Rockton Avenue Campus.

Expanding Care & Specialty Pediatric Services through the New Campus

MercyRockford's plans to add pediatric specialty care services at its Riverside/I-90 campus in addition to emergency and adult hospital beds will also greatly improve healthcare access for the entire Rockford community. Currently, many of these critical services for our citizens must be accessed by traveling long distances to Chicago or State of Wisconsin medical facilities. We

425 East State Street Rockford, Illinois 61104-1068 USA
(779) 348-7150 phone (815) 967-6952 fax www.rockfordil.gov

THE CITY OF ROCKFORD ILLINOIS, USA

Lawrence J. Morrissey
Mayor
Office of the Mayor

have a great opportunity to expand those services so that we will capture additional revenue and jobs for Illinois and avoid outmigration of those services outside the State of Illinois.

The City of Rockford will also be working with MercyRockford through our discussions regarding a final Annexation Agreement to ensure that the roadways and public infrastructure for the East Side Campus meets the needs of our community in a manner that is financially responsible and respectful to the taxpayers of our community. The City of Rockford Fire Department is the largest provider of EMS ambulance services for our community, and we are working with MercyRockford to ensure that we can meet basic EMS and Level 1 trauma needs under the proposed MercyRockford service configuration. While there are several details that need to be worked out to our mutual satisfaction, the citizens of our community will retain important controls over those elements through the binding Annexation Agreement and Development Agreement we will execute prior to the commencement of construction.

Supporting the Healthy Rockford Initiative

The City of Rockford is committed to the long-term health and wellness needs of our community. Our Police and Fire Department first responders are vital partners in these efforts. We are also committed to grow our efforts to integrate mobile health and community paramedic health to more closely integrate our work with our local hospital systems and community healthcare providers. The City of Rockford is working with partners like the University of Illinois College of Medicine, local healthcare providers, and employers to create a coordinated long-term, data-driven community health project known currently as the *Healthy Rockford Initiative.* I am excited that MercyRockford is committed to partnering with us to support this effort to help us drive better health and prosperity for our entire community.

I was born and raised in Rockford. My parents live in the northeast side of the City in the 4th Ward where the new campus will be built. I currently live with my wife and four children in the northwest side of the City, which has been historically anchored by the Rockton Campus. Our vision for the City of Rockford is *Excellence Everywhere for Everyone.* To that end, I support MercyRockford's proposed projects for both the immediate and long-term positive economic impact and the expanded healthcare services that they will provide. I trust the historic commitment that the MercyRockford partnership brings to our community and the development tools that will bind that commitment with us in a manner that will help ensure balanced growth and mutual prosperity for all parts of our community.

Very truly yours,

Lawrence J. Morrissey
Mayor, City of Rockford, Illinois

LJM/ss

cc

ROCKFORD

Ann Thompson-Kelly
7th Ward Alderman
Rockford City Council

August 6, 2015

Ms. Courtney Avery
Administrator
525 West Jefferson
Illinois Health Facilities and Services Review Board
Springfield, IL 62761

Dear Ms. Avery:

I am an Alderman for the City of Rockford, representing the 7th Ward, and I am submitting this letter to record my strong support for MercyRockford's Certificate of Need applications. My ward includes the area where the current Rockford Memorial Hospital campus on North Rockton Avenue is located.

MercyRockford has briefed me about their plans and I am an enthusiastic supporter. Like other elected Rockford officials, I have been concerned about changes in health care that might erode access to care for those residents who rely on Medicaid services. MercyRockford's "one hospital on two campuses" plan insures that Rockford residents that have long relied on services provided at the North Rockton Avenue campus can continue to rely on those services, as inpatient beds, emergency services, and in- and out-patient services will continue to be provided there.

I am also pleased that MercyRockford is looking to partner with the community to repurpose high quality facilities on North Rockton Avenue to support local agencies, program development and jobs growth. I know that MercyRockford could have put forward plans that might have materially disabled the North Rockton Avenue campus from providing necessary services, and I commend them for their commitment to the west side of Rockford.

Very truly yours,

Ms. Ann Thompson-Kelly
7th Ward Alderman
City of Rockford

KishHealth System
Be Health Empowered.

1 Kish Hospital Drive | P.O. Box 707
DeKalb, IL 60115
t. 815.756.1521

August 10, 2015

Javon R. Bea
President and CEO
MercyRockford Health System
1000 Mineral Point Avenue
Janesville, WI 53548

Dear Mr. Bea:

Thank you for sharing your plans with me regarding your future plans for construction and modernization of the MercyRockford Hospital and the concept of "one hospital, two campuses."

As you know, our Health System has enjoyed a long standing working relationship with Rockford Memorial Hospital. That relationship has enabled us to better coordinate care on behalf of the patients we serve. In addition, that relationship has insured access to high quality tertiary care, especially for neonatal and perinatal services for the residents of DeKalb County.

Rockford Memorial has served as our State designated Regional Perinatal Center for years. Of critical importance to our communities are the neonatal intensive care and perinatal services offered by Rockford Memorial Hospital and their highly qualified staff. Access to critical obstetrical, pediatric critical care and specialty services will be enhanced by the planned relocation of these services to MercyRockford's Riverside campus. Given the high percentage of Illinois Medicaid recipients who are children, we believe that this improved access will materially and significantly benefit children who rely on Medicaid for their health care.

MercyRockford's thoughtful plan for "one hospital, two campuses" will improve access to health care services for the residents of the communities surrounding Rockford. KishHealth System supports the efforts of existing quality providers to both modernize their facilities to meet the growing needs and demands of its patients and the communities they serve.

I wish you success with your application process and look forward to a strong relationship with you in your updated facilities.

Very truly yours,

Kevin Poorten
President and CEO
KishHealth System

rrstar.com

By The Editorial Board
Rockford Register Star

August 13, 2015 12:57PM

Our View: MercyRockford Health System expansion makes us a regional health destination

For years we've talked about Rockford becoming a regional destination for top-level specialty medical care. Now, the Forest City is about to become one.

The announcement by MercyRockford Health System that the $2 billion nonprofit corporation will put both its corporate headquarters and a new, state-of-the-art hospital campus southeast of the junction of Riverside Boulevard and Interstate 90 will make us a regional health care destination. MercyRockford is the result of the combination of Janesville, Wisconsin-based Mercy Health System and Rockford Health System. The 263-acre Riverside property, bought by the old Rockford Health System about 20 years ago, has a preannexation agreement with Rockford.

MercyRockford is seeking no tax rebates from the city, nor are any cash incentives from local or state governments involved. The land is not in a tax increment financing district.

The $400 million building project doesn't mean the health care system is forsaking its 60-year-old campus on North Rockton Avenue. Far from it. MercyRockford has just installed a $7 million linear accelerator in its cancer center. MercyRockford President and CEO Javon Bea, who grew up on the city's west side, said the health care system will continue to invest no less than $8 million a year at the Rockton Avenue campus, ensuring its long-term future.

Bea said it is not possible to build the new, large hospital buildings on the North Rockton Avenue campus because "we're landlocked there."

Without the addition of the new campus, however, it's likely that the Rockton Avenue location would have slowly faded away. Not now. High-quality health care will continue to be delivered on the city's west side.

The new Riverside campus will centralize intensive care services and become a regional health care destination for patients from a 15-county area of northern Illinois and southern Wisconsin. With its convenient location next to I-90, the new facility will contain a women's and children's hospital, a neonatal intensive care unit, pediatric intensive care unit, high-risk maternity care services, a Level One trauma center and more.

Just think of it. Instead of patients from around the region being referred to Madison, Wisconsin, many will be referred here instead.

We are really excited, too, by the community-wide advantages this medical supercenter will give the Rockford region. The project will provide hundreds of construction jobs. Its presence here will greatly boost economic development efforts in the area. It will help companies in our growing aerospace sector attract engineers and other professionals to move here. It will be a great sales tool for the real estate business.

The Riverside campus will encourage retail growth nearby as well as on the huge site. A new hotel will be needed to handle the health care system's needs and the crowds coming to the Rockford Park District's expanding Sports Core 2 across Riverside Boulevard. MercyRockford pledges to make a "substantial contribution" to the Sports Core 2 expansion, said Dave Syverson, a Mercy Rockford board member. He's also a Republican state senator from Rockford.

The health sector here already was humming, and we think the MercyRockford development will be a boon to the other health care systems in the city, UW Swedish American and OSF St. Anthony, which is also building a new hospital on its sprawling East State Street campus. As we develop higher levels of excellent health care here, all systems will get stronger.

And adding to the momentum is the University of Illinois College of Medicine, which is developing plans for five new residency programs that will help keep a supply of young physicians in the pipeline. As we develop higher levels of excellent health care here, all systems will get stronger.

We're sure that everybody will be totally pumped about this confidence boost to the northern Illinois and southern Wisconsin region.

It's a great day for the Forest City.

http://www.rrstar.com/article/20150813/OPINION/150819744

ROCKFORD MEMORIAL HOSPITAL
RIVERSIDE PROPERTY
LEGAL DESCRIPTION

Part of the Southeast Quarter of Section 2 and a part of the South Half of Section 1, Township 44 North, Range 2 East of the 3rd Principal Meridian, Winnebago County, State of Illinois, more particularly bounded and described as follows, to wit:

Beginning at the Southeast Corner of the Southeast Quarter of Section 2, Township 44 North, Range 2 East of the Third Principal Meridian; Thence South 87 degrees 46 minutes 59 seconds West, along the South line of the Southeast Quarter of said Section 2, a distance of 1032.95 feet (1032.77 feet Deed)to the Easterly Right-of-Way line of the Illinois State Toll Highway Route I-90; Thence North 00 degrees 22 minutes 42 seconds East, along the Easterly Right-of-Way line of said Route 1-90, a distance of 625.66 feet (626.01 feet Deed); Thence North 03 degrees 39 minutes 08 seconds East, along the Easterly Right-of-Way line of said Route I-90, a distance of 501.22 feet; Thence North 15 degrees 58 minutes 43 seconds East, along the Easterly Right-o f-Way line of said Route I-90, a distance of 208.8 1 feet; Thence North 32 degrees 20 minutes 57 seconds East, along the Easterly Right-of-Way line of said Route I-90, a distance of 4.78 feet (6.48 feet Deed); Thence North 29 degrees 34 minutes 53 seconds East, along the Easterly Right-of-Way line of said Route I-90, a distance of 223.60 feet (233.60 feet Deed); Thence North 43 degrees 59 minutes 05 seconds East, along the Easterly Right-of-Way line of said Route I-90, a distance of 279.33 feet (279.35 Feet Deed); Thence North 36 degrees 32 minutes 31 seconds East along the Easterly Right-of-Way line of said Route 1-90, a distance of 125.07 feet (125.00 feet Deed); Thence North 13 degrees 43 minutes 04 seconds East along the Easterly Right-of-Way line of said Route I-90, a distance of 206 .08 feet (206.16 feet Deed); Thence North 00 degrees 17 minutes 12 seconds West along the Easterly Right-of-Way line of said Route I-90, a distance of 543.01 feet (541.35 feet Deed) to the South right-of-way line of Riverside Boulevard ; thence North 83 degrees 39 minutes 53 seconds East, along the South right-of-way li ne of Riverside Boulevard, a distance of 72.62 feet (72.75 feet Deed); thence South 89 degrees 18 minutes 07 seconds East along the South right-of-way line of Riverside Boulevard and along the South line of premises conveyed by Rockford Health System to the City of Loves Park by Warranty Deed recorded as Document No. 200800827739 and Document No. 200800827740 in the Recorder's Office of Winnebago County, Illinois, a distance of 1032.71 feet; (the following 6 calls are all along the South right-of-way line of Riverside Boulevard and the South line of said premises conveyed to the City of Loves Park by Document No. 200800827740) thence South 00 degrees 13 minutes 34 seconds East, a distance of 33.70 feet; thence South 89 degrees 46 minutes 26 seconds East, a distance of 120.00 feet; thence North 00 degrees 13 minutes 34 seconds East, a distance of 49.50 feet; thence North 44 degrees 02 minutes 55 seconds East, a distance of 38.70 feet; thence North 88 degrees 19 minutes 23 seconds East, a distance of 336.68 feet; thence North 84 degrees 59 minutes 06 seconds East, a distance of 257 .58 feet; (the following 7

calls are all along the South right-of-way line of Riverside Boulevard and the South line of premises conveyed to the City of Loves Park by Document No. 200800827741 in said Recorder's Office) thence North 85 degrees 25 minutes 10 seconds East, a distance of 184.78 feet (184.99 feet Deed); thence North 86 degrees 22 minutes 07 seconds East, a distance of 279.74 feet (279.70 feet Deed); thence South 32 degrees 54 minutes 33 seconds East, a distance of 84.81 feet (84.89 feet Deed); thence North 88 degrees 16 minutes 17 seconds East, a distance of 89.93 feet (90.00 feet Deed); thence North 01 degrees 57 minutes 20 seconds West , a distance of 23.76 feet; thence North 43 degrees 19 minutes 32 seconds East, a distance of 70.95 feet; thence North 87 degrees 57 minutes 01 seconds East, a distance of 689.13 feet (688.97 feet Deed); (the following 5 calls are all along the South right-of-way line of Riverside Boulevard and the South line of premises conveyed to the City of Loves Park by Document No. 200800827742 in said Recorder's Office) thence North 87 degrees 54 minutes 43 seconds East, a distance of 407.06 feet (406.87 feet Deed); thence South 02 degrees 05 minutes 17 seconds East, a distance of 17.43 feet; thence North 87 degrees 51 minutes 52 seconds East, a distance of 499.75 feet (500.00 feet Deed); thence North 02 degrees 03 minutes 13 seconds West, a distance of 17.25 feet (17.43 feet Deed); thence North 87 degrees 58 minutes 52 seconds East, a distance of 191.4 feet (191.18 feet Deed) to the West line of premises conveyed to Commonwealth Edison Company by Warranty Deed recorded in Microfilm No. 70-02-0249 in said Recorder's Office; Thence South 00 degrees 03 minutes 49 seconds West, along the West line of said premises conveyed to Commonwealth Edison Company, a distance of 2596.25 feet (2596.27 feet Deed) to the South line of the Southeast Quarter of said Section 1; thence South 88 degrees 19 minutes 43 seconds West, along the South line of said Section 1, a distance of 644.05 feet to the Southeast corner of premises conveyed to John and Pauline Myers by Warranty deed recorded as Document No. 9737036 in said Recorder's Office; thence North 00 degrees 13 minutes 18 seconds West, along the East line of said premises conveyed to Myers, a distance of 863.67 feet; thence South 88 degrees 36 minutes 33 seconds West, along the North line of said premises conveyed to Myers, a distance of 347.39 feet; thence South 00 degrees 12 minutes 46 seconds East, along the West line of said premises conveyed to Myers, a distance of 566.05 feet to the Northeast corner of Lot 1 as designated upon the Plat of Dorn Subdivision, the Plat of which is recorded in Book 37 of Plats on page 173A in said Recorder's Office; thence South 00 degrees 14 minutes 18 seconds East, along the East line of said Lot 1 and along the West line of said premises conveyed to Myers, a distance of 299.32 feet to the South line of said Section 1; thence South 88 degrees 19 minutes 43 seconds West along the South line of the Southeast Quarter of said Section 1, a distance of 106.32 feet to the South Quarter Corner for said Section 1; thence South 88 degrees 20 minutes 06 seconds West, along the South line of the Southwest Quarter of said Section 1, a distance of 2665.54 feet to the Point of Beginning; subject to the rights of the public and the State of Illinois in and to those portions used, taken or dedicated for public road purposes; situated in the County of Winnebago and the State of Illinois; containing 262.693 acres, more or less.

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	TOTAL
Project Cost:			
Preplanning Costs	$ 30,000	$ 245,000	$ 275,000
Site Survey and Soil Investigation	10,000	20,000	30,000
Site Preparation	80,000	705,000	785,000
Off Site Work	2,846,506	22,343,810	25,190,316
New Construction Contracts	1,764,193	13,837,906	15,602,099
Modernization Contracts			
Contingencies	88,210	691,895	780,105
Architectural/Engineering Fees	165,000	1,025,600	1,190,600
Consulting and Other Fees	442,395	3,487,005	3,929,400
Movable and Other Equipment (not in construction contracts)	2,232,711	8,930,842	11,163,553
Bond Issuance Expense (project related)	75,753	594,192	669,945
Net Interest Expense During Construction Period	1,014,246	7,955,499	8,969,745
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	**$ 8,749,013**	**$ 59,836,750**	**$ 68,585,763**
Sources of Funds:			
Cash and Securities	$ 1,950,000	$ 13,050,000	$ 15,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$ 6,799,013	$ 46,786,750	$ 53,585,763
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 8,749,013**	**$ 59,836,750**	**$ 68,585,763**

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 X No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
Yes X No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (includir operating deficits) through the first full fiscal year when the project achieves or exceeds the targ utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ _____.

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

X Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): _____June 30, 2019_____

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
X 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:

X Cancer Registry
X APORS
X All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
X 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.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**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**.

PLEASE SEE FOLLOWING PAGE

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

Facility Bed Capacity and Utilization

Facility Name: Rockford Memorial Hospital **City:** Rockford

Reporting Dates **From:** January 1, 2014 **To:** December 31, 2014

Category of Service	Authorized Beds	Admissions	Patient Days	Proposed Beds Riverside	Proposed Beds Rockton Ave.	Proposed Total Beds	Bed Changes
Medical/Surgical	223	7,579	37,199	84	70	154	(69)
Obstetrics	35	1,684	5,069	20	0	20	(15)
Pediatrics	35	991	2,733	12	0	12	(23)
Intensive Care	32	2,014	6,211	26	4	30	(2)
Acute Mental Illness	20	681	4,120	0	20	20	---
Neonatal Intensive Care	46	413	11,956	46	0	46	---
Totals:	391	13,362	67,288	188	94	282	(109)

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of Interstate Alliance, Inc.* 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.

Javon R. Bea
President & Chief Executive Officer

Notarization:
Subscribed and sworn to before me this this 14th day of August, 2015

Signature of Notary

Seal

Rowland J. McClellan
Chairman

Notarization:
Subscribed and sworn to before me this 14th day of August, 2015

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:

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

This Application for Permit is filed on the behalf of Rockford Memorial Hospital* 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.

Javon R. Bea
President and Chief Executive Officer

Notarization:
Subscribed and sworn to before me this
14th day of August, 2015

Signature of Notary

Seal

KATHLEEN J KELLER NOTARY PUBLIC STATE OF WISCONSIN

Connie M. Vitali, M.D.
Chairman

Notarization:
Subscribed and sworn to before me this
14th day of August, 2015

Signature of Notary

Seal

LORRIE LEE PIERCE
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
July 18, 2017

*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 Board 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?

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

NO SHELL SPACE TO BE PROVIDED

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.

R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

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

Service	# Existing Key Rooms	# Proposed Key Rooms
☐		
☐		
☐		

PROVIDED IN ATTACHMENT 34

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

:

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) –	Need Determination – Establishment
Service Modernization	(c)(1) –	Deteriorated Facilities
		and/or
	(c)(2) –	Necessary Expansion
		PLUS
	(c)(3)(A) –	Utilization – Major Medical Equipment
		Or
	(c)(3)(B) –	Utilization – Service or Facility

APPEND DOCUMENTATION AS ATTACHMENT-37, 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:**

_$15,000,000__	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;
_$53,585,763_	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.
$68,585,763	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT-36, 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. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

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

NOT APPLICABLE, PROOF OF "A" BOND RATING PROVIDED

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:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

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 38, 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

Not applicable. An "A" bond rating is held by an applicant.

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	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. **Projected Operating Costs**

NOT APPLICABLE DUE TO TYPE OF PROJECT

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**

NOT APPLICABLE DUE TO TYPE OF PROJECT

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 -39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

NOT APPLICABLE DUE TO TYPE OF PROJECT

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**
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-40, 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			
	2012	2013	2014
Net Patient Revenue	**$314,128,727**	**$314,090,683**	**$323,042,795**
Amount of Charity Care (charges)	$28,075,442	$33,923,122	$15,219,396
Cost of Charity Care	$8,963,540	$10,770,825	$4,779,953

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

Note: 2014 reduction in charity care is off-set by increased Medicaid, and is a result of the Implementation of the Affordable Care Act.

File Number 0215-546-0

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

ROCKFORD MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 15, 1883, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 12TH *day of* MAY *A.D.* 2015 .

Jesse White

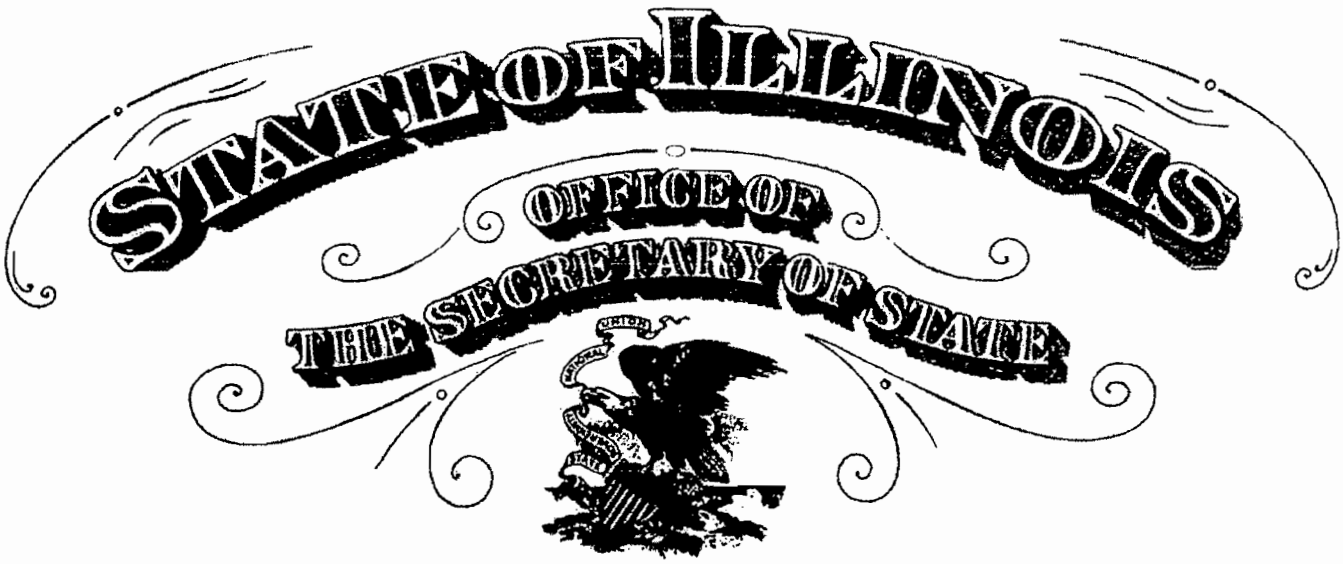
SECRETARY OF STATE

Authentication #: 1513201692

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

ATTACHMENT 1

File Number 6975-235-7



To all to whom these Presents Shall Come, Greeting:

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

INTERSTATE ALLIANCE, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 24, 2014, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 1513201738

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 12TH *day of* MAY *A.D.* 2015 .

Jesse White

SECRETARY OF ATTACHMENT 1

OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

APRIL 22, 2015 **6975-235-7**

JAVON R BEA
2400 N ROCKTON AVE
ROCKFORD, IL 61103

RE INTERSTATE ALLIANCE, INC.

DEAR SIR OR MADAM:

APPLICATION TO ADOPT AN ASSUMED NAME HAS BEEN PLACED ON FILE AND THE CORPORATION CREDITED WITH THE REQUIRED FEE.

THE DUPLICATE COPY IS ENCLOSED.

SINCERELY,

JESSE WHITE
SECRETARY OF STATE
DEPARTMENT OF BUSINESS SERVICES
CORPORATION DIVISION
TELEPHONE (217) 782-6961

JW:CD

ATTACHMENT 1

CD0261111

Form NFP 104.15/20 (Rev. Aug. 2014)
APPLICATION TO ADOPT, CHANGE OR CANCEL
an ASSUMED CORPORATE NAME
General Not For Profit Corporation Act

Secretary of State
Department of Business Services
501 S. Second St., Rm. 350
Springfield, IL 62756
217-782-9520
217-782-6961
www.cyberdriveillinois.com

Filed: 4/22/2015 Jesse White Secretary of State MJE

Payment must be made by check or money order payable to Secretary of State.

Filing fee $ 150.00 File # 0975233 Approved:

----- Submit in duplicate ----- Type or Print clearly in black ink ----- Do not write above this line -----

1. Corporate Name: Interstate Alliance, Inc.
2. State or Country of Incorporation: Illinois
3. Date Incorporated (If an Illinois corporation) or Date Authorized to Transact Business in Illinois (If a foreign corporation):

October 24, 2014
Month & Day Year

Complete No. 4 and No. 5 if adopting or changing an assumed corporate name.

4. Corporation intends to adopt and to transact business under the assumed corporate name of:

MercyRockford Health System

5. The right to use the assumed corporate name shall be effective from the date this application is filed by the Secretary of State until October 1, 2016, the first day of the corporation's anniversary month in the next year evenly divisible by five.
Month & Day Year

Complete No. 6 if changing or cancelling an assumed corporate name.

6. Corporation intends to cease transacting business under the assumed corporate name of:

7. The undersigned corporation has caused this statement to be signed by a duly authorized officer who affirms, under penalties of perjury, that the facts stated herein are true and correct.

Dated April 22, 2015
Month & Day Year

Interstate Alliance, Inc.
Exact Name of Corporation

Any Authorized Officer's Signature

Javon Bea, Chief Executive Officer
Name and Title (type or print)

NOTE: The filing fee to adopt an assumed corporate name is $150 if the current year ends with a 0 or 5; $120 if the current year ends with a 1 or 6; $90 if the current year ends with a 2 or 7; $60 if the current year ends with a 3 or 8; or $30 if the current year ends with a 4 or 9.

The fee for cancelling an assumed corporate name is $5.

The fee to change an assumed name is $5.

Printed by authority of the State of Illinois, September 2014 — 1 — 0 211,8

ATTACHMENT 1

1.

3/

ROCKFORD HEALTH
system

August 14, 2015

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

Re: RMH Project Property Ownership

To Whom It May Concern:

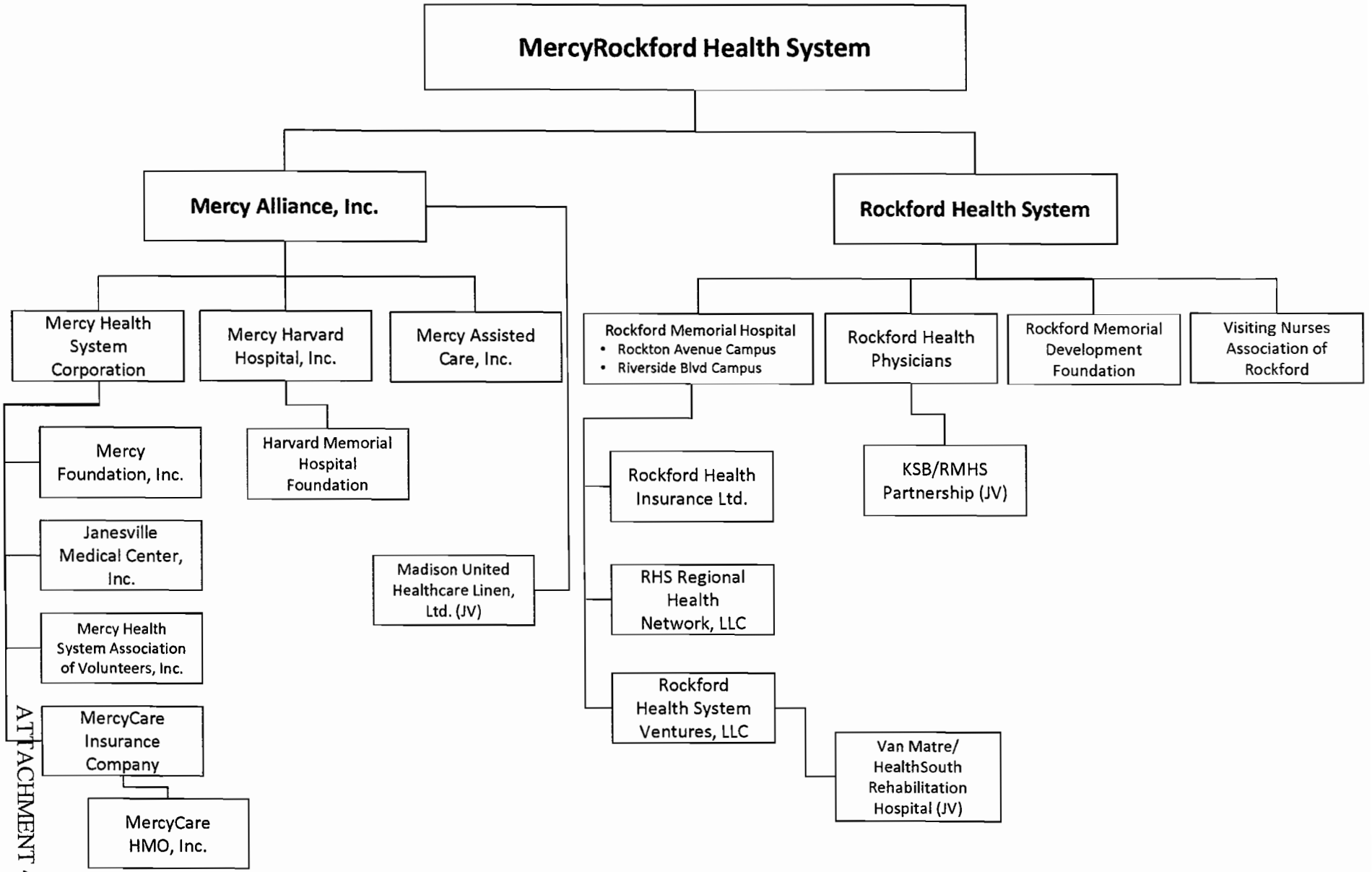
Please be advised that the current site of Rockford Memorial Hospital, located at 2400 North Rockton Avenue, Rockford, Illinois, and the proposed Rockford Memorial Hospital-Riverside Boulevard campus, located to the southeast of the intersection of I-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois, are owned by Rockford Memorial Hospital.

Sincerely,

Dan Parod

Dan Parod
Senior Vice President
Hospital and Administrative Affairs

ATTACHMENT 2



ATTACHMENT 4

ROCKFORD HEALTH
system

August 14, 2015

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

Re: Illinois Executive Order #2005-5

To Whom It May Concern:

Please be advised that neither the current site of Rockford Memorial Hospital, located at 2400 North Rockton Avenue, Rockford, Illinois, or the proposed Rockford Memorial Hospital-Riverside Boulevard campus, located to the southeast of the intersection of I-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois, are located within a special flood hazard area. Further, the projects proposed for these sites, and submitted to the Illinois Health Facilities and Services Review Board for approval, are in compliance with the requirements of Illinois Executive Order #2005-5.

Sincerely,

Dan Parod

Dan Parod
Senior Vice President
Hospital and Administrative Affairs

ATTACHMENT 5

Rockford Memorial Hospital
2400 N. Rockton Ave.
Rockford, IL 61103
(815) 971-5000

Rockford Health Physicians
2300 N. Rockton Ave.
Rockford, IL 61103
(815) 971-2000

Van Matre HealthSouth Rehabilitation Hospital
950 S. Mulford Rd.
Rockford, IL 61108
(815) 381-6500

Visiting Nurses Association
4223 E. State St.
Rockford, IL 61108
(815) 971-3550

Rockford Memorial Development Foundation
2400 N. Rockton Ave.
Rockford, IL 61103
(815) 971-4141

Illinois Historic
Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX 217/524-7525
www.illinoishistory.gov

Winnebago County
Rockford
SE of I-39 & East Riverside Blvd.
IHFSRB
New construction/CON - Rockford Memorial Hospital

PLEASE REFER TO: IHPA LOG #004051315

July 7, 2015

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,

Rachel Leibowitz, Ph.D.
Deputy State Historic
Preservation Officer

ATTACHMENT 6

USES OF FUNDS			
Preplanning Costs			
evaluation of alternatives	$150,000		
initial programming	$65,000		
misc/other	$60,000		
			$275,000
Site Survey & Soil Investigation			
soil investigation/load testing	$20,000		
surveys	$10,000		
			$30,000
Site Preparation			
excavation	$590,000		
erosion barrier/seeding	$60,000		
landscaping	$115,000		
other/misc.	$20		
			$785,000
Off-Site Work			
pkg/walk-way/roadway paving	$5,338,402		
utilities-related	$2,975,957		
parking (500 sp)	$10,500,000		
trails/park	$1,900,000		
misc./other	$ 4,475,957		
		$	25,190,316
New Construction Contracts			
per ATTACHMENT 39C	$15,602,099		
			$15,602,099
Contingency			
5% of projected construction costs	$780,105		
			$780,105
Architectural/Engineering Fees			
design	$945,600		
document preparation	$70,000		
interface with agencies	$20,000		
project monitoring	$30,000		
other	$125,000		
			$1,190,600
Consulting and Other Fees			
Project Management	$1,600,000		
interior design	$340,000		
IT planning and consulting	$400,000		
CON-related	$100,000		
legal	$80,000		
medical equipment planning	$100,000		

commissioning	$250,000		
re-location related	$500,000		
signage/graphics design	$100,000		
other	$459,400		
			$3,929,400
Movable and Other Equipment			
please see attached itemization			
equipment purchases,>$1,000	$ 10,372,621		
equipment purchases, <$1,000 @5%	$ 518,631		
delivery/set-up @ 2.5%	$ 272,281		
		$	11,163,553
Bond Issuance Expense			$669,945
Net Construction Period Interest			$8,969,745
TOTAL			**$68,585,763**

SOURCES OF FUNDS

cash and liquid assets	$	15,000,000
bonds		$53,585,763
TOTAL		**$68,585,763**

Medical Clinics Building Equipment Analysis
(Items Greater than $1,000)

Description	Quantity	Average of Unit Cost	Total
Control Unit	2	$33,074	$66,148
Cart, Procedure	2	$2,300	$4,600
Cart, Procedure, Resuscitation	2	$1,388	$2,776
Cart, Supply, Linen, 48"	2	$1,344	$2,688
Defibrillator, Monitor, w/Pacing	4	$13,390	$53,560
Diagnostic System, Integrated	20	$1,860	$37,200
Dispenser, Medication, Auxiliary	2	$25,000	$50,000
Dispenser, Medication, Host (Main)	2	$35,082	$70,164
Dispenser, Medication, Lock Module	2	$4,790	$9,580
Light Source, Xenon	2	$11,120	$22,240
Monitor, Blood Glucose	4	$1,833	$7,332
Monitor, Physiologic, Vital Signs, w/Stand	2	$2,750	$5,500
Monitor, Physiologic, Vital Signs, with Pulse Oximetry	20	$4,900	$98,000
Monitor, Video, 21 - 24 Inch, Medical Grade	2	$11,800	$23,600
Oximeter, Pulse, Hand Held	4	$1,200	$4,800
Printer, Laser, Network	2	$2,200	$4,400
Printer, Video Image, Color	2	$8,000	$16,000
Pump, Suction/Aspirator, General, Portable	4	$1,233	$4,932
Recorder, CD/DVD, Medical	2	$39,895	$79,790
Refrigerator, Commercial, Undercounter	2	$4,535	$9,070
Scale, Clinical, Adult, Digital, Floor	2	$2,110	$4,220
Scale, Clinical, Infant, Mobile	4	$5,471	$21,884
Shelving, Wire, Stainless Steel, 48	6	$1,396	$8,376
Stadiometer, Wall Mount	2	$1,072	$2,144
Table, Exam/Treatment, Powered	20	$9,735	$194,700
Video System	2	$26,600	$53,200
Bracket, Computer Workstation, Wall	2	$1,237	$2,474
Cart, Procedure, General	2	$1,500	$3,000
Cart, Procedure, Resuscitation	9	$1,388	$12,492
Cart, Supply, Linen, 48"	5	$1,344	$6,720
Defibrillator, Monitor, w/Pacing	18	$13,390	$241,020
Diagnostic System, Integrated	36	$1,860	$66,960
Dispenser, Medication, Auxiliary	9	$25,000	$225,000
Dispenser, Medication, Host (Main)	9	$35,082	$315,738
Dispenser, Medication, Lock Module	9	$4,790	$43,110
Electrosurgical Unit, Bipolar/Monopolar	2	$13,328	$26,656
Headwall, Rail System, 1 Patient	2	$8,495	$16,990

Medical Clinics Building Equipment Analysis
(Items Greater than $1,000)

Light, Exam/Procedure, Single, Ceiling	2	$5,368	$10,736
Monitor, Blood Glucose	18	$1,833	$32,994
Monitor, Physiologic, Bedside	2	$14,400	$28,800
Monitor, Physiologic, Vital Signs, with Pulse Oximetry	34	$4,900	$166,600
Oximeter, Pulse, Hand Held	18	$1,200	$21,600
Printer, Laser, Network	9	$2,200	$19,800
Pump, Infusion, Single	2	$1,900	$3,800
Pump, Suction/Aspirator, General, Portable	18	$1,233	$22,194
Refrigerator, Commercial, Undercounter	9	$4,535	$40,815
Scale, Clinical, Adult, Wheelchair	3	$3,145	$9,435
Shelving, Wire, Stainless Steel, 48	12	$1,396	$16,752
Stretcher, Procedure / Recovery	2	$6,012	$12,024
Table, Exam/Treatment, Powered	31	$9,735	$301,785
Table, Exam/Treatment, Powered, Bariatric	3	$11,888	$35,664
Bracket, Computer Workstation, Wall	9	$1,237	$11,133
Cabinet, Storage, Clinical	1	$4,000	$4,000
Control Unit	2	$33,074	$66,148
Cart, Procedure	2	$2,300	$4,600
Cart, Procedure, General	9	$1,500	$13,500
Cart, Procedure, Phlebotomy	2	$1,299	$2,598
Cart, Procedure, Resuscitation	5	$1,388	$6,940
Cart, Supply, Linen, 48"	1	$1,344	$1,344
Defibrillator, Monitor, w/Pacing	5	$13,390	$66,950
Diagnostic System, Integrated	2	$1,860	$3,720
Dispenser, Medication, Auxiliary	1	$25,000	$25,000
Dispenser, Medication, Host (Main)	1	$35,082	$35,082
Dispenser, Medication, Lock Module	1	$4,790	$4,790
Electrocardiograph (ECG), Interpretive	6	$14,545	$87,270
Electroencephalograph (EEG), General	3	$19,500	$58,500
Electromyograph (EMG), General	2	$17,505	$35,010
Electrosurgical Unit, Bipolar/Monopolar	1	$13,328	$13,328
Headwall, Rail System, 1 Patient	1	$8,495	$8,495
Holter Analysis System, General	2	$26,484	$52,968
Hood, Chemical Soak Station, Wall	7	$1,355	$9,485
Light Source, Xenon	2	$11,120	$22,240
Light, Exam/Procedure, Single, Ceiling	3	$5,368	$16,104
Monitor, Physiologic, Bedside	1	$14,400	$14,400
Monitor, Physiologic, Portable	4	$15,025	$60,100
Monitor, Physiologic, Vital Signs	2	$2,528	$5,056
Oximeter, Pulse	2	$4,000	$8,000
Oximeter, Pulse, Hand Held	5	$1,200	$6,000
PACS, Monitor, 2 Panel	5	$23,839	$119,195
Plethysmograph, Body	1	$49,950	$49,950
Printer, Laser, Network	15	$2,200	$33,000
Printer, Video Image, Color	2	$8,000	$16,000

Medical Clinics Building Equipment Analysis
(Items Greater than $1,000)

Pulmonary Function Testing System, General	1	$47,010	$47,010
Pump, Infusion, Single	1	$1,900	$1,900
Pump, Suction/Aspirator, General, Portable	5	$1,233	$6,165
Recorder, CD/DVD, Medical	2	$39,895	$79,790
Refrigerator, Commercial, Undercounter	1	$4,535	$4,535
Shelving, Wire, Stainless Steel, 48	2	$1,396	$2,792
Spirometer, PC Based	2	$1,995	$3,990
Stand, Mayo, Foot-Operated	1	$1,020	$1,020
Stress Test System, w/ Treadmill	4	$36,105	$144,420
Stretcher, Procedure / Recovery	6	$6,012	$36,072
Table, Exam/Treatment, Powered	2	$9,735	$19,470
Table, Imaging, Ultrasound	6	$9,450	$56,700
Treadmill, Exercise (Rehab/PT)	1	$7,615	$7,615
Universal Testing System, Portable	5	$145,000	$725,000
Video System, Multipurpose, Portable	2	$97,000	$194,000
Video System	2	$26,600	$53,200
Washer / Disinfector, Transducer, TEE Probe	1	$17,500	$17,500
Analyzer, Lab, Coagulation, Portable	2	$4,851	$9,702
Bracket, Computer Workstation, Wall	2	$1,237	$2,474
Cart, Procedure, General	2	$1,500	$3,000
Cart, Procedure, Resuscitation	1	$1,388	$1,388
Cart, Supply, Linen, 48"	1	$1,344	$1,344
Defibrillator, Monitor, w/Pacing	2	$13,390	$26,780
Diagnostic System, Integrated	16	$1,860	$29,760
Dispenser, Medication, Auxiliary	1	$25,000	$25,000
Dispenser, Medication, Host (Main)	1	$35,082	$35,082
Dispenser, Medication, Lock Module	1	$4,790	$4,790
Electrosurgical Unit, Bipolar/Monopolar	2	$13,328	$26,656
Headwall, Rail System, 1 Patient	2	$8,495	$16,990
Light, Exam/Procedure, Single, Ceiling	2	$5,368	$10,736
Monitor, Blood Glucose	12	$1,833	$21,996
Monitor, Physiologic, Bedside	2	$14,400	$28,800
Monitor, Physiologic, Vital Signs, with Pulse Oximetry	14	$4,900	$68,600
Oximeter, Pulse, Hand Held	2	$1,200	$2,400
Printer, Laser, Network	6	$2,200	$13,200
Pump, Infusion, Single	2	$1,900	$3,800
Pump, Suction/Aspirator, General, Portable	2	$1,233	$2,466
Refrigerator, Commercial, Undercounter	1	$4,535	$4,535
Scale, Clinical, Adult, Wheelchair	2	$3,145	$6,290
Shelving, Wire, Stainless Steel, 48	3	$1,396	$4,188
Stretcher, Procedure / Recovery	2	$6,012	$12,024
Table, Exam/Treatment, Powered	12	$9,735	$116,820
Table, Exam/Treatment, Powered, Bariatric	2	$11,888	$23,776
Video System, General	14	$10,000	$140,000

Medical Clinics Building Equipment Analysis
(Items Greater than $1,000)

Cabinet, Warming, Single, Counter	1	$4,978	$4,978
Cart, Supply, I.V.	2	$3,035	$6,070
Cart, Utility, Stainless	1	$1,498	$1,498
Chair, Clinical, Recliner, Treatment	6	$3,542	$21,252
Coffee Maker, Automatic, Airpot	1	$2,011	$2,011
Diagnostic System, Integrated	1	$1,860	$1,860
Dispenser, Medication, Auxiliary	1	$25,000	$25,000
Dispenser, Medication, Host (Main)	1	$35,082	$35,082
Ice Machine, Dispenser, Nugget, Wall Mount	1	$10,350	$10,350
Monitor, Blood Glucose	1	$1,833	$1,833
Monitor, Physiologic, Vital Signs	6	$2,528	$15,168
Monitor, Physiologic, Vital Signs, with Pulse Oximetry	1	$4,900	$4,900
Printer, Laser, Network	2	$2,200	$4,400
Pump, Infusion, Single	6	$1,900	$11,400
Refrigerator, Commercial, Undercounter	1	$4,535	$4,535
Shelving, Wire, Stainless Steel, 48	1	$1,396	$1,396
Table, Exam/Treatment, Powered	1	$9,735	$9,735
Coffee Maker, Automatic, Airpot	1	$2,011	$2,011
Pump, Breast, General	2	$1,550	$3,100
Refrigerator, Domestic with Freezer	1	$2,249	$2,249
Warmer, Bottle, Neonatal	2	$4,250	$8,500
Cabinet, Warming, Single, Counter	2	$4,978	$9,956
Cart, Computer, Workstation	1	$2,939	$2,939
Cart, Procedure, Resuscitation	2	$1,388	$2,776
Cart, Supply, Linen, 48"	2	$1,344	$2,688
Chair, Clinical, Procedure, Uro/ Gyn	2	$7,921	$15,842
Defibrillator, Monitor, w/Pacing	4	$13,390	$53,560
Diagnostic System, Integrated	12	$1,860	$22,320
Dispenser, Medication, Auxiliary	2	$25,000	$50,000
Dispenser, Medication, Host (Main)	2	$35,082	$70,164
Dispenser, Medication, Lock Module	2	$4,790	$9,580
Electrosurgical Unit, Bipolar/Monopolar	2	$13,328	$26,656
Hood, Chemical Soak Station, Wall	1	$1,355	$1,355
Light, Exam/Procedure, Single, Ceiling	2	$5,368	$10,736
Monitor, Blood Glucose	4	$1,833	$7,332
Monitor, Physiologic, Vital Signs, with Pulse Oximetry	12	$4,900	$58,800
Monitor, Video, 26 - 32 inch, Display	2	$1,100	$2,200
Oximeter, Pulse, Hand Held	4	$1,200	$4,800
Printer, Laser, Network	3	$2,200	$6,600
Pump, Suction/Aspirator, General, Portable	4	$1,233	$4,932
Refrigerator, Commercial, Undercounter	2	$4,535	$9,070
Scale, Clinical, Adult, Wheelchair	1	$3,145	$3,145

Medical Clinics Building Equipment Analysis
(Items Greater than $1,000)

Shelving, Wire, Stainless Steel, 48	5	$1,396	$6,980
Sink, Clean-up Workstation (2-sink)	1	$13,900	$13,900
Stand, Mayo, Foot-Operated	2	$1,020	$2,040
Table, Exam/Treatment, Powered	10	$9,735	$97,350
Table, Exam/Treatment, Powered, Bariatric	2	$11,888	$23,776
Treadmill	2	$7,628	$15,256
Treatment System, Bladder	4	$15,950	$63,800
Video System, General	12	$10,000	$120,000
Video System, Multipurpose, Portable	1	$97,000	$97,000
Washer / Disinfector, Endoscope	1	$44,695	$44,695
Furniture, Total	1	$1,256,100	$1,256,100
Artwork, Total	1	$94,200	$94,200
IT, Telecom, Cable, Security, Audio/Visual, Total	1	$2,540,000	$2,540,000
			$10,372,621

Cost Space Requirements

				Amount of Proposed Total Square Feet			
		Gross Square Feet			That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable					NONE	NONE	NONE
Diagnostic Testing	$ 6,649,250		5,695	5,695			
Infusion Therapy	$ 2,099,763		2,282	2,282			
	$ 8,749,013		7,977	7,977			
Non-Reviewable					NONE	NONE	NONE
Physicians' Offices	$ 29,002,873		37,961	37,961			
Staff Areas	$ 2,369,535		3,115	3,115			
Public Areas& Circulation	$ 17,155,196		18,842	18,842			
Conference Center	$ 2,961,919		2,064	2,064			
Administration	$ 2,369,535		2,444	2,444			
Medical Staff	$ 1,777,151		2,366	2,366			
Mechanical	$ 3,548,319		6,729	6,729			
DGSF>>BGSF	$ 652,221						
	$ 59,836,750						
PROJECT TOTAL	$ 68,585,763		81,498	81,498			

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ATTACHMENT 9

HF107109

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

LaMar Hasbrouck, MD, MPH
Acting Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2015		0002048

General Hospital

Effective: 01/01/2015

Rockford Memorial Hospital
2400 N. Rockton Avenue
Rockford, IL 61103

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2015

Lic Number 0002048

Date Printed 11/25/2014

Rockford Memorial Hospital

2400 N. Rockton Avenue
Rockford, IL 61103

FEE RECEIPT NO.

44

ATTACHMENT 11

BACKGROUND

MercyRockford Health System includes four hospitals, two in Illinois and two in Wisconsin:

- Rockford Memorial Hospital
  Rockford, IL
  IDPH License # 2048

- Mercy Harvard Hospital
  Harvard, IL
  IDPH License # 0004911

- Mercy Hospital and Trauma Center
  Janesville, WI

- Mercy Walworth Hospital and Medical Center
  Lake Geneva, WI

ATTACHMENT 11

MERCYROCKFORD
Health System

MercyRockford.org

3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
815.971.1000

August 14, 2015

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

Re: MRHS Adverse Actions and Board Access to Information

Dear Ms. Avery:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, this letter is being submitted to assure the Illinois Health Facilities and Services Review Board that:

1. Interstate Alliance, Inc. d/b/a MercyRockford Health System does not have any adverse actions against any facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. Interstate Alliance, Inc. d/b/a MercyRockford Health System authorizes 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,

Jayon R. Bea
President and CEO

ATTACHMENT 11

The Joint Commission

April 20, 2015

Gary E. Kaatz
President and CEO
Rockford Memorial Hospital
2400 North Rockton Avenue
Rockford, IL 61103

Joint Commission ID #: 7418
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 04/14/2015

Dear Mr. Kaatz:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning January 11, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

ATTACHMENT 11

PURPOSE OF PROJECT

The purpose of the three inter-dependent projects addressed in this Certificate of Need application and the accompanying applications is to provide for the continued delivery of needed health care services to the residents of the communities traditionally served by Rockford Memorial Hospital ("RMH"), and to accomplish this through the operation of contemporary facilities. By doing so, the applicants will be providing health services that improve the health care and well-being of the market area population to be served.

The purpose of this project, addressing the development of a medical clinics building (MCB) on the RMH-Riverside campus, is to provide contemporary office space for MercyRockford Health System-affiliated physicians (employed and independent) and other health care professionals, and to provide appropriate facilities for selected hospital-related outpatient, administrative, and support services.

The table on the following page provides a patient origin analysis of all patients (excluding admissions to the Level I nursery) admitted to RMH in 2014, identifying each ZIP Code contributing a minimum of 0.5% of the hospital's admissions during that period. It is anticipated that the patient origin of individuals utilizing the outpatient services and physicians' offices in the proposed MCB will be very similar to the distribution presented in the following table.

ZIP Code	Community	% of Adm	Cum. %
61103	Rockford	13.3%	13.3%
61101	Rockford	11.8%	25.1%
61102	Rockford	6.5%	31.5%
61115	Machesney Park	6.1%	37.6%
61111	Loves Park	5.1%	42.7%
61107	Rockford	4.7%	47.4%
61104	Rockford	4.1%	51.5%
61109	Rockford	4.0%	55.5%
61108	Rockford	3.7%	59.2%
61073	Roscoe	3.4%	62.6%
61114	Rockford	3.2%	65.8%
61032	Freeport	2.8%	68.6%
61008	Belvidere	2.4%	71.1%
61072	Rockton	2.1%	73.2%
61088	Winnebago	1.8%	74.9%
61080	South Beloit	1.7%	76.6%
61065	Poplar Grove	1.2%	77.8%
61063	Pecatonia	1.1%	78.9%
61010	Byron	1.1%	80.0%
61024	Durand	1.0%	80.9%
61081	Sterling	1.0%	81.9%
61021	Dixon	0.9%	82.8%
61068	Rochelle	0.8%	83.6%
61061	Oregon	0.8%	84.5%
61342	Mendota	0.8%	85.3%
61054	Mount Morris	0.6%	85.9%
61019	Davis	0.6%	86.5%
61071	Rock Falls	0.6%	87.1%
53511	Beloit, Wis.	0.5%	87.6%
	other, <0.5%	12.4%	100.0%

ATTACHMENT 12

One of the goals identified during the 2014/2015 formation of MercyRockford Health System was to centralize specialty services. These specialty services are intended to be located at RMH-Riverside, with many of the system-employed specialists officed in the proposed MCB because of its location on I-90/39, which links the traditional service areas of Rockford Health System and Mercy Alliance, Inc. As a result, it is anticipated that certain patients that have traditionally been referred from Mercy's Wisconsin service area to Madison or Milwaukee will be referred to RMH-Riverside due to its convenient location. As noted in the table above, traditionally few patients from Wisconsin have been admitted to RMH.

Among the goals of the projects are improved patient satisfaction with the facilities and improved access, resulting in an increase in the number of patients referred from Wisconsin. The achievement of these goals will be measurable during the first year following the projects' completion.

ALTERNATIVES

The applicants have concurrently submitted three inter-dependent Certificate of Need applications, addressing two sites, but with a common purpose. The primary purpose of the projects is to provide high quality health care services to the patient population that has traditionally looked to Rockford Memorial Hospital ("RMH") for those services, and to do so in a contemporary setting.

Effective January 1, 2015 Rockford Health System, the parent of RMH, joined MercyRockford Health System to establish a four-hospital system, with two hospitals in Illinois and two in southern Wisconsin. Two important objectives for the new system are the centralization of specialized services, such a neonatology and neurosurgery, in one hospital, and to continue to serve those patient populations that the respective hospitals have been privileged to serve for many years. Those goals were incorporated into the evaluation of alternatives. Consistent with the practices of the vast majority of hospitals providing the scope of services to be provided at RMH-Riverside, the applicants believe that it is in the best interest of the community, the hospital and physicians to locate physicians' offices on the campus to ensure both patient access to their physicians as well as providing the physicians direct access to the hospital and their hospitalized patients.

Three alternatives to the proposed project were considered.

The first alternative considered was to substitute re-configured and renovated space on the current RMH campus instead of the proposed MCB on the RMH-Riverside campus. This alternative was immediately dismissed due to the importance of locating physicians, and particularly subspecialists, on the RMH-Riverside campus.

The second alternative considered was the incorporating of the physicians' offices and the other functions to be located in the proposed MCB into the design of RMH-Riverside. This

alternative was evaluated and dismissed, primarily for cost reasons. To implement this alternative, the required space would need to be constructed to hospital standards, adding approximately $25M to the anticipated capital cost associated with the proposed project. The operating costs, quality of care and access to services resulting from this alternative would be very similar to that of the proposed project.

The third alternative considered was the use of an outside developer to construct, own and operate a MCB on the RMH-Riverside campus. This alternative was dismissed for two primary reasons. First, the applicants' ability to control access to the MCB, including the hospital's outpatient services that will be located in the building, would be diminished. Second, the applicants' control of the tenet mix and future potential building expansion would be compromised if they did not own the building. Had this alternative been selected, the capital costs to be incurred by the applicants would be minimal, but would be offset by the required lease costs for the hospital-based physicians' offices, the outpatient clinical services, and administrative and support functions associated with the hospital's operations that would be located in the building. It is believed that the quality of care to be provided in the building would be similar to that of the proposed project.

SIZE OF PROJECT

The amount of physical space proposed in this *Application for Permit* is necessary and not excessive. The proposed project does not involve any departments or areas for which the IHFSRB has developed standards.

The Medical Clinics Building will consist of six levels:

- Lower Level: mechanical
- 1st Floor: retail pharmacy and support areas
- 2nd Floor: physicians' offices
- 3rd Floor: physicians' offices
- 4th Floor: diagnostic services and administrative space
- 5th Floor: mechanical

ATTACHMENT 14

PROJECT SERVICES UTILIZATION

The proposed project does not involve any services, functions or equipment for which the IHFSRB has developed utilization standards.

ATTACHMENT 15

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed project involves two clinical areas that are not IDPH-designated categories of service: outpatient cardiac testing and outpatient infusion therapy center.

The outpatient cardiac testing department will be 5,695 DGSF, and consist of the following number of stations, in addition to the required support space:

holter monitor	2
EKG testing:	1
echo testing:	1
TEE procedure:	1
stress/echo testing:	3
EEG:	2
EMG:	2

The outpatient infusion therapy center will be 2,282 DGSF and will consist of six treatment stations with recliners, in addition to the department-required support space.

The table on the following page identifies the historical and projected utilization of each of the modalities identified above.

Procedure	Historical RMH Utilization*	Projected MCB Utilization**
Holter monitoring	148	75
EKG testing	1,011	500
echo testing	1,091	550
TEE testing	56	30
stress echo testing	290	145
EEG	855	425
EMG	599	300
non-oncology infusion therapy	702	700

* 2013-2014 average annual outpatient procedures
** second year following project completion

ATTACHMENT 34

MOODY'S
INVESTORS SERVICE

Rating Update: Moody's assigns initial A3 issuer rating to MercyRockford Health System (IL); outlook stable

Global Credit Research - 14 Aug 2015

MercyRockford Health System, IL
Hospitals & Health Service Providers
IL

NEW YORK, August 14, 2015 --Moody's Investors Service assigns an initial A3 issuer rating to MercyRockford Health System, IL. The issuer rating reflects the unsecured general obligation credit characteristics of MercyRockford Health System (MRHS) as MRHS does not have a debt security structure yet.

MRHS currently has no bond debt outstanding, however, Mercy Alliance Inc., WI (Mercy) and Rockford Health System, IL (Rockford), which merged in January, 2015 to form MRHS, each have bond debt outstanding which remains separately secured at this time.

SUMMARY RATING RATIONALE

The initial A3 issuer rating reflects the scale and market presence of the combined legacy health systems (Mercy and Rockford), good balance sheet resources and proven management team as evidenced by already improving margins. While MRHS's debt profile currently does not include any direct debt obligation, our rating is a forward view of MRHS's plan to become the sole corporate member of every entity that is currently a subsidiary of Mercy or Rockford, consolidate all existing debt under a newly created MRHS obligated group and fund clinical integration and operational expansion with debt that will be parity to the planned MRHS obligated group. The rating is constrained by the historically weak operations of Rockford, risks inherent with integration and operational improvement initiatives, as well as the likelihood of sizable capital building plans which would materially elevate MRHS's leverage in CY 2016.

OUTLOOK

While we believe that MRHS faces operating challenges, including integration of dissimilar organizations, the stable rating outlook reflects early indications of financial improvement and the benefits expected to be achieved from the merger.

WHAT COULD MAKE THE RATING GO UP

-Sustained strengthening of consolidated operating and cash flow margins for multiple years which provide for leverage metrics commensurate with A2 medians

-Execution of strategic initiatives at Rockford which result in an improved and sustained operating profile

-Successful scalability of a larger system

-Completion of strategic capital investment in facilities and clinical settings

WHAT COULD MAKE THE RATING GO DOWN

-Inability to achieve performance improvement targets

-Weaker balance sheet or more leverage than anticipated

-Debt security structure, borrowing terms, or covenants that expose bondholders to elevated credit or event risk

STRENGTHS

-The combination of Mercy and Rockford creates scale with a combined $1 billion of revenue and a sizable market footprint including geographic diversity in Northern Illinois and south-central Wisconsin, which are contiguous and complimentary markets; Mercy and Rockford's discrete market positions have historically been solid

-Healthy absolute unrestricted liquidity position which equates to approximately 223 days as of June 30, 2015

-Merger provides opportunity to achieve synergies and operating improvement, coordinate quality initiatives and solidify competitive positions in a consolidating market

-Improvement in consolidated financial performance of Mercy and Rockford for the twelve months ended June 30, 2015 with 1.4% operating margin and 7.6% operating cash-flow margin as compared to 0.3% operating margin and 6.9% operating cash-flow margin for the consolidated performance of each of the respective entities' audited FY 2014

-Streamlining of system and governance already underway with Mercy's strong and experienced CEO now the CEO of MRHS. Management is launching growth and performance improvement strategies with detailed plans for execution

-Planned consolidation of Mercy and Rockford's legacy Master Trust Indentures will bring all outstanding obligations to parity and provide for efficiencies in capital structure

-Mercy and Rockford's defined benefit pension plans are both frozen; the combined unfunded liability is very modest

CHALLENGES

-Integration challenges include aligning disparate cultures and achieving targeted efficiencies and savings

-MRHS facilities operate in increasingly competitive markets, characterized by competitors expanding facilities, consolidation of hospitals into larger systems and competition for physicians

-Potential for a sizable borrowing, to fund MRHS strategies, that would be parity to all outstanding obligations

-Rockford has a history of weak operations

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale section.

DETAILED RATING RATIONALE

MARKET POSITION: MERGER OF TWO MARKETS PROVIDES OPPORTUNITY FOR SYNERGIES AND SCALE

Mercy Alliance is comprised of two campuses in Janesville, WI (Mercy Clinic East and Mercy Clinic North), 25-bed Wisconsin based Mercy Walworth and 25-bed Illinois based Mercy Harvard Hospital. Mercy also operates 43 community clinics located in six counties in Wisconsin and Illinois, ranging from single-physician practices to large, multi-specialty centers with outpatient surgery, urgent care services, and diagnostics. Mercy operations are well positioned to lead the transformation of quality healthcare in the era of reform with an engaged workforce, high degree of physician collaboration and care focused in appropriate settings with a heavy emphasis on outpatient venues, which accounted for 70% of total revenues in FY 2014. Mercy's regional strategy of employing or closely affiliating with physicians and developing multi-specialty health centers throughout its broader service area has contributed to healthy outpatient service growth. The System's strategic focus has always been centered on northern Illinois as well as expansion of outpatient sites throughout the service area. Mercy Janesville captures 50% inpatient market share of Rock County; reflecting a decline from 73% market share prior to the opening of SSM Healthcare's St. Mary's hospital in Janesville in 2012. As expected, St. Mary's elevated the competitive landscape and other Madison providers are similarly developing southern Wisconsin and Northern Illinois strategies.

Rockford's acute care hospital is a state-designated regional perinatal center, a Level I trauma center, a brain and spine center, and a state-designated children's medical center, capturing the number two market share in the service area at over 26%. In fact, Rockford is the only provider of pediatric critical care services in northern Illinois and southern Wisconsin. Rockford's high end services provide competitive differentiation in a crowded local market which hosts two sizable competitors, OSF's Saint Anthony's Medical Center and SwedishAmerican Hospital. Swedish, the market leader with 35% market share, recently aligned with the University of Wisconsin Hospitals and Clinics. MRHS's merger synergies rest on management's ability to align the economics of the Rockford physicians with the system's broader strategies. Competitive developments in northern Illinois pose

concern too, with several Wisconsin and Illinois based providers focused on growth in Northern Illinois.

OPERATING PERFORMANCE, BALANCE SHEET, AND CAPITAL PLANS:

On a combined basis for the twelve month period ended June 30, 2015, Mercy and Rockford generated a 1.4% operating margin and 7.6% operating cash-flow margin. Performance compares favorably to the 0.3% operating margin and 6.9% operating cash-flow margin for the consolidated performance of each of the respective entities' audited FY 2014. Mercy has a multi-year track-record of good operating margins with a 1.7% operating margin and a 8.9% operating cash flow margin at FYE 2014 and similar margins in unaudited FY 2015. Rockford has generated operating losses in each of the last several years, but has been cash-flow positive. Management will be challenged to improve the performance of Rockford's employed physicians, who incurred a loss of more than $30 million in FY 2014, which was offset by a like size profit generated by the hospital. Management plans to implement financial strengthening initiatives and to have a financial feasibility study conducted on the plans to develop a second clinical campus in Rockford.

Liquidity

When combining Mercy and Rockford's balance sheets, MRHS's unrestricted investments totaled approximately $575 million as of June 30, 2015. Absolute unrestricted liquidity equates to approximately 223 days, providing 193% coverage of the approximately $290 million of combined debt that Mercy and Rockford currently have outstanding. This cushion will likely be diluted materially by management's plan to build a second Rockford campus at a projected cost of $400 million. Balance sheet measures will be a key determinant of MRHS's future risk profile.

DEBT STRUCTURE AND LEGAL COVENANTS:

Debt Structure

MRHS does not have any direct debt obligations. Mercy's obligations total just over $208 million, of which $201.5 million is fixed rate debt rated A2 (see Moody's credit research dated August 13, 2015). Rockford's obligations total approximately $90 million, 60% of which is variable rate debt and the remainder a fixed rate private placement. Management reports plans to consolidate Mercy and Rockford's legacy Master Trust Indentures, in early CY 2016, to bring all outstanding obligations to parity and provide for efficiencies in capital structure. It is also anticipated that MRHS will file a Certificate of Need to develop a second Rockford based campus. The campus development will require the absorption of material additional leverage by MRHS; management reports that the project could cost as much as $400 million of which as much as $370 million could be financed with debt borrowings.

Debt-Related Derivatives

Mercy does not have any derivatives. Rockford has one swap with a notional amount of $36.1 million, for which they pay a fixed rate and receive a percentage of LIBOR.

Pensions and OPEB

Comprehensive liabilities are very modest with the debt equivalent of approximately $50 million of combined unfunded pension liabilities at FYE 2014. Both Mercy and Rockford's defined benefit pension plans are frozen.

GOVERNANCE AND MANAGEMENT:

Streamlining of system and governance already underway with Mercy's strong and experienced CEO now the CEO of MRHS. Mercy's history of employing strategies to manage population health and improve quality through care coordinators and closely aligning with physicians should provide a platform for operational and clinical improvements in Rockford.

OBLIGOR PROFILE

MRHS is comprised of Mercy Alliance and Rockford Health System. Mercy Alliance is an integrated provider with operations in Wisconsin and Illinois. Mercy operates a 240-bed hospital in Janesville, Wisconsin; approximately 43 physician clinics in southern Wisconsin and northern Illinois; a skilled nursing facility (SNF) that operates as a subacute care unit of the hospital building; Mercy Walworth Hospital and Medical Center (MWH), a 25-bed hospital facility in Walworth County, Wisconsin; and Mercy Harvard Hospital (MHH), 25-bed acute and 45 long-term care bed hospital located in Harvard, Illinois. MHH also has a controlled affiliate, Harvard Memorial Hospital Foundation,

whose purpose is to support the programs of MHH. MWH and MHH are reimbursed by Medicare as critical care hospitals. Rockford Health System is comprised of Rockford Memorial Hospital, the Van Matre HealthSouth Rehabilitation Hospital, both in Rockford, Illinois and 11 physician clinic locations across 3 northern Illinois counties.

LEGAL SECURITY

MRHS does not have a debt security structure yet. Future credit quality will, in part, be determined by the combined group's debt security structure, borrowing terms, and / or covenants.

USE OF PROCEEDS

Not applicable.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Not-for-Profit Healthcare Rating Methodology published in March 2012. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

The following information supplements Disclosure 10 ("Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of SEC Rule 17g-7") in the regulatory disclosures made at the ratings tab on the issuer/entity page on www.moodys.com for each credit rating:

Moody's was not paid for services other than determining a credit rating in the most recently ended fiscal year by the person that paid Moody's to determine this credit rating.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S
INVESTORS SERVICE

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ROCKFORD HEALTH
system

August 14, 2015

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

Re: Project Funding

To Whom It May Concern:

This letter is provided as a response to Section 1120.140.b, and as an affirmation that, in the opinion of the applicants, the conditions of debt proposed to partially finance two projects proposed for Rockford Memorial Hospital's site located to the southeast of the intersection of I-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois, are reasonable.

As of the filing of the required Certificate of Need applications, it is anticipated that approximately $446,000,000 will be incurred through the issuance of bonds, with an anticipated interest rate of 4.96% and term of 30 years.

It is the applicants' opinion that the combination of debt and equity financing identified in the CON applications represents the lowest net cost reasonably available to the applicants at this time, and the most advantageous funding scenario available to the applicants.

Sincerely,

Henry M. Scybold, Jr.
Senior Vice President
Finance & CFO

ATTACHMENT 39B

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total
	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Diagnostic Testing	$ 221.16		5,695				$ 1,259,506		$ 1,259,506
Infusion Therapy	$ 221.16		2,282				$ 504,687		$ 504,687
			7,977				$ 1,764,193		$ 1,764,193
contingency	$ 11.06						$ 88,210		$ 88,210
							$ 1,852,403		$ 1,852,403
Non-Reviewable									
Physicians' Offices	$ 180.12		37,961				$ 6,837,535		$ 6,837,535
Staff Areas	$ 180.12		3,115				$ 561,074		$ 561,074
Public Areas& Circulation	$ 216.60		18,842				$ 4,081,177		$ 4,081,177
Conference Center	$ 180.12		2,064				$ 371,768		$ 371,768
Administration	$ 180.12		2,444				$ 440,213		$ 440,213
Medical Staff	$ 180.12		2,366				$ 426,164		$ 426,164
Mechanical	$ 166.44		6,729				$ 1,119,975		$ 1,119,975
			73,521				$ 13,837,906		$ 13,837,906
contingency	$ 9.41						$ 691,895		$ 691,895
							$ 14,529,801		$ 14,529,801
DGSF>>BGSF							$ 573,377		$ 573,377
PROJECT TOTAL	$ 208.05		81,498				$ 16,955,581		$ 16,955,581

ATTACHMENT 39C

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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