E-020-16

[ORIGINAL]

RECEIVED

JUL 13 2016

HEALTH FACILITIES & SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name Ingalls Same Day Surgery Center, Ltd.
Address 6701 West 159th Street
City Tinley Park Zip Code 60477 County Cook
Name of current licensed entity for the facility Ingalls Same Day Surgery Center, Ltd.
Does the current licensee: own this facility X OR lease this facility ____ (if leased, check if sublease ☐)
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation X Partnership ____ Governmental ____ Limited Liability Company ____ Other, specify ____
Illinois State Senator for the district where the facility is located: Sen. Michael E. Hastings
State Senate District Number 19 Mailing address of the State Senator 813 School Road, Matteson, IL 60443
Illinois State Representative for the district where the facility is located: Rep. Al Riley
State Representative District Number 38 Mailing address of the State Representative 3649 W. 183rd Street, Suite 102, Hazel Crest, IL 60429

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes ☐ No ☒ If yes, refer to Section 1130.520(f), and indicate the projects by Project # ____

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant The University of Chicago Medical Center
Address 5841 S. Maryland Avenue
City, State & Zip Code Chicago, IL 60637
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental ____ Limited Liability Company ____ Other, specify ____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed Ingalls Same Day Surgery Center, Ltd.
Address 6701 West 159th Street
City, State & Zip Code Tinley Park, IL 60477
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation X Partnership ____ Governmental ____ Limited Liability Company ____ Other, specify ____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND** MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site The Ingalls Memorial Hospital
Address One Ingalls Drive
City, State & Zip Code Harvey, Illinois 60426
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship x Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental ____ Limited Liability Company ____ Other, specify ____

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name_____
Address _____
City _____ Zip Code _____ County _____
Name of current licensed entity for the facility _____
Does the current licensee: own this facility _____OR lease this facility_____(if leased, check if sublease □)
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____
Illinois State Senator for the district where the facility is located: Sen._____
State Senate District Number _____ Mailing address of the State Senator _____
_____
Illinois State Representative for the district where the facility is located: Rep. _____
State Representative District Number _____ Mailing address of the State Representative _____
_____

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes □ No □. If yes, refer to Section 1130.520(f), and indicate the projects by Project # _____

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant _____ Ingalls Same Day Surgery Center Ltd.
Address _____ 6701 West 159th Street
City, State & Zip Code _____ Tinley Park, IL 60477
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
__X__ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed _____
Address_____
City, State & Zip Code _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND** MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site_____
Address_____
City, State & Zip Code _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name _____
Address _____
City _____ Zip Code _____ County _____
Name of current licensed entity for the facility _____
Does the current licensee: own this facility _____ OR lease this facility _____ (if leased, check if sublease □)
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____
Illinois State Senator for the district where the facility is located: Sen. _____
State Senate District Number _____ Mailing address of the State Senator _____
_____
Illinois State Representative for the district where the facility is located: Rep. _____
State Representative District Number _____ Mailing address of the State Representative _____
_____

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes □ No □. If yes, refer to Section 1130.520(f), and indicate the projects by Project # _____

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant Ingalls Health Ventures
Address One Ingalls Drive
City, State & Zip Code Harvey, IL 60426
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
X Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed _____
Address _____
City, State & Zip Code _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND** MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site _____
Address _____
City, State & Zip Code _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name_____
Address _____
City _____ Zip Code _____ County _____
Name of current licensed entity for the facility _____
Does the current licensee: own this facility _____OR lease this facility_____(if leased, check if sublease □)
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____
Illinois State Senator for the district where the facility is located: Sen._____
State Senate District Number _____ Mailing address of the State Senator _____
_____
Illinois State Representative for the district where the facility is located: Rep. _____
State Representative District Number _____ Mailing address of the State Representative _____
_____

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes □ No □. If yes, refer to Section 1130.520(f), and indicate the projects by Project # _____

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant _____ Ingalls Health System _____
Address _____ One Ingalls Drive _____
City, State & Zip Code _____ Harvey, IL 60426 _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
__X__ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed _____
Address_____
City, State & Zip Code _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND** MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site_____
Address_____
City, State & Zip Code _____
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

6. **TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:**
   - o Purchase resulting in the issuance of a license to an entity different from current licensee;
   - o Lease resulting in the issuance of a license to an entity different from current licensee;
   - o Stock transfer resulting in the issuance of a license to a different entity from current licensee;
   - o Stock transfer resulting in no change from current licensee;
   - o Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
   - o Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
   - ☒ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
   - o Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
   - o Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
   - o Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
   - o Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

7. **APPLICATION FEE.** Submit the application fee in the form of a check or money order for $2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1.**

8. **FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2.**

9. **ANTICIPATED ACQUISITION PRICE: $** Not applicable

10. **FAIR MARKET VALUE OF THE FACILITY: $** 325,700,000
    (to determine fair market value, refer to 77 IAC 1130.140)

11. **DATE OF PROPOSED TRANSACTION:** September 30, 2016

12. **NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3.**

13. **BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Limited Liability Companies and Partnerships must provide the name and address of each partner/ member and specify the percentage of ownership of each. Append this information to the application as **ATTACHMENT #4.**

14. **TRANSACTION DOCUMENTS.** Provide a copy of the complete transaction document(s) including schedules and exhibits which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities and Services Review Board. Append this document(s) to the application as **ATTACHMENT #5.**

15. FINANCIAL STATEMENTS. (Co-applicants must also provide this information) Provide a copy of the applicants latest audited financial statements, and append it to this application as ATTACHMENT #6. If the applicant is a newly formed entity and financial statements are not available, please indicate by checking YES ____, and indicate the date the entity was formed _____

16. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Joe Ourth
Address: Arnstein & Lehr LLP
City, State & Zip Code: 120 S. Riverside Plaza, Suite 1200, Chicago, IL 60606
Telephone ( ) Ext. (312) 876-6215

17. **ADDITIONAL CONTACT PERSON. Consultant, attorney, other individual who is also authorized to discuss this** application and act on behalf of the applicant.

Name: Carla Gazes
Address: 5841 S. Maryland Avenue
City, State & Zip Code: Chicago, IL 60637
Telephone ( ) Ext. 773-702-6240

18. **CERTIFICATION** THE UNIVERSITY OF CHICAGO MEDICAL CENTER

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the number of beds within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer Sharon O'Keefe

Typed or Printed Name of Authorized Officer Sharon O'Keefe

Title of Authorized Officer: President

Address: 5841 S. Maryland Avenue

City, State & Zip Code: Chicago, IL 60637

Telephone (_____) _____ Date: _____

NOTE: complete a separate signature page for each co-applicant and insert following this page.

16. **PRIMARY CONTACT PERSON**. Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: _____
Address: _____
City, State & Zip Code: _____
Telephone ( ) Ext. _____

17. **ADDITIONAL CONTACT PERSON. Consultant, attorney, other individual who is also authorized to discuss this** application and act on behalf of the applicant.

Name: _____
Address: _____
City, State & Zip Code: _____
Telephone ( ) Ext. _____

18. **CERTIFICATION** INGALLS SAME DAY SURGERY CENTER

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the number of beds within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer _____

Typed or Printed Name of Authorized Officer Kurt F. Johnson

Title of Authorized Officer: President and CEO

Address: One Ingalls Drive

City, State & Zip Code: Harvey, IL 60426

Telephone (708) 915-6101 Date: 5/27/2016

NOTE: complete a separate signature page for each co-applicant and insert following this page.

16. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: _____
Address: _____
City, State & Zip Code: _____
Telephone ( ) Ext. _____

17. **ADDITIONAL CONTACT PERSON. Consultant, attorney, other individual who is also authorized to discuss this** application and act on behalf of the applicant.

Name: _____
Address: _____
City, State & Zip Code: _____
Telephone ( ) Ext. _____

18. **CERTIFICATION** INGALLS HEALTH VENTURES

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the number of beds within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer _____

Typed or Printed Name of Authorized Officer Kurt E. Johnson

Title of Authorized Officer: President and CEO

Address: One Ingalls Drive

City, State & Zip Code: Harvey IL 60426

Telephone (708) 915-6101 Date: 5/27/2016

NOTE: complete a separate signature page for each co-applicant and insert following this page.

16. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: _____
Address: _____
City, State & Zip Code: _____
Telephone ( ) Ext. _____

17. **ADDITIONAL CONTACT PERSON. Consultant, attorney, other individual who is also authorized to discuss this** application and act on behalf of the applicant.

Name: _____
Address: _____
City, State & Zip Code: _____
Telephone ( ) Ext. _____

18. **CERTIFICATION** INGALLS HEALTH SYSTEM

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the number of beds within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer _____

Typed or Printed Name of Authorized Officer Kart E. Johnson

Title of Authorized Officer: President and CEO

Address: One Ingalls Drive

City, State & Zip Code: Harvey, IL 60426

Telephone (708) 915-6101 Date: 5/27/2016

NOTE: complete a separate signature page for each co-applicant and insert following this page.

Section 7, Application Fee

Attachment 1

Application Fee

Attached is a check for Two Thousand Five Hundred Dollars ($2,500.00) payable to the Illinois Department of Public Health for the required application fee.

Section 8, Funding

Attachment 2

Funding Sources

There is no monetary consideration being exchanged between the parties as part of the transaction.

ATTACHMENT 2

Section 12, Narrative Description

Attachment 3

Narrative Description

University Chicago Medical Center ("UCMC") and Ingalls Health System ("IHS") have entered into a Member Substitution Agreement (the "Agreement") subject to approval by the Illinois Health Facilities Review Board. Under this Agreement, subject to Review Board and other regulatory approvals, IHS would agree to affiliate its systems with UCMC (the "Affiliation").

IHS is a not-for-profit, integrated healthcare delivery system that has long served the Chicago South side by providing a variety of health care services, including one hospital and one ambulatory surgical treatment center within Illinois.

UCMC is a not-for-profit academic medical center whose operations include one hospital in Illinois and additional healthcare services.

Under this transaction, UCMC would become the sole corporate member of IHS and IHS would have representation on UCMC's Board of Directors. This transaction constitutes a "change in control" under the Review Board's regulations. This application is part of a package of two applications seeking Review Board approval for Certificate of Exemption ("COEs") for changes of ownership resulting from this transaction.

No new corporate entity will be formed as part of this transaction, however, after the closing IHS will change its name to "UCM Community Health & Hospital Division, Inc." Upon consummation of this transaction, UCMC will become the sole corporate member of IHS. Following consummation of the transaction, UCMC's Board of Directors will consist of up to fifty (50) members (excluding ex-officio members), with four (4) members to be designated by IHS.

IHS, through its subsidiaries, currently operates the following two licensed health care facilities both of which will experience a change of control as a result of this transaction and require Review Board approval:

1. Ingalls Memorial Hospital (an acute care hospital owned and operated by The Ingalls Memorial Hospital, Inc., a direct subsidiary of IHS)

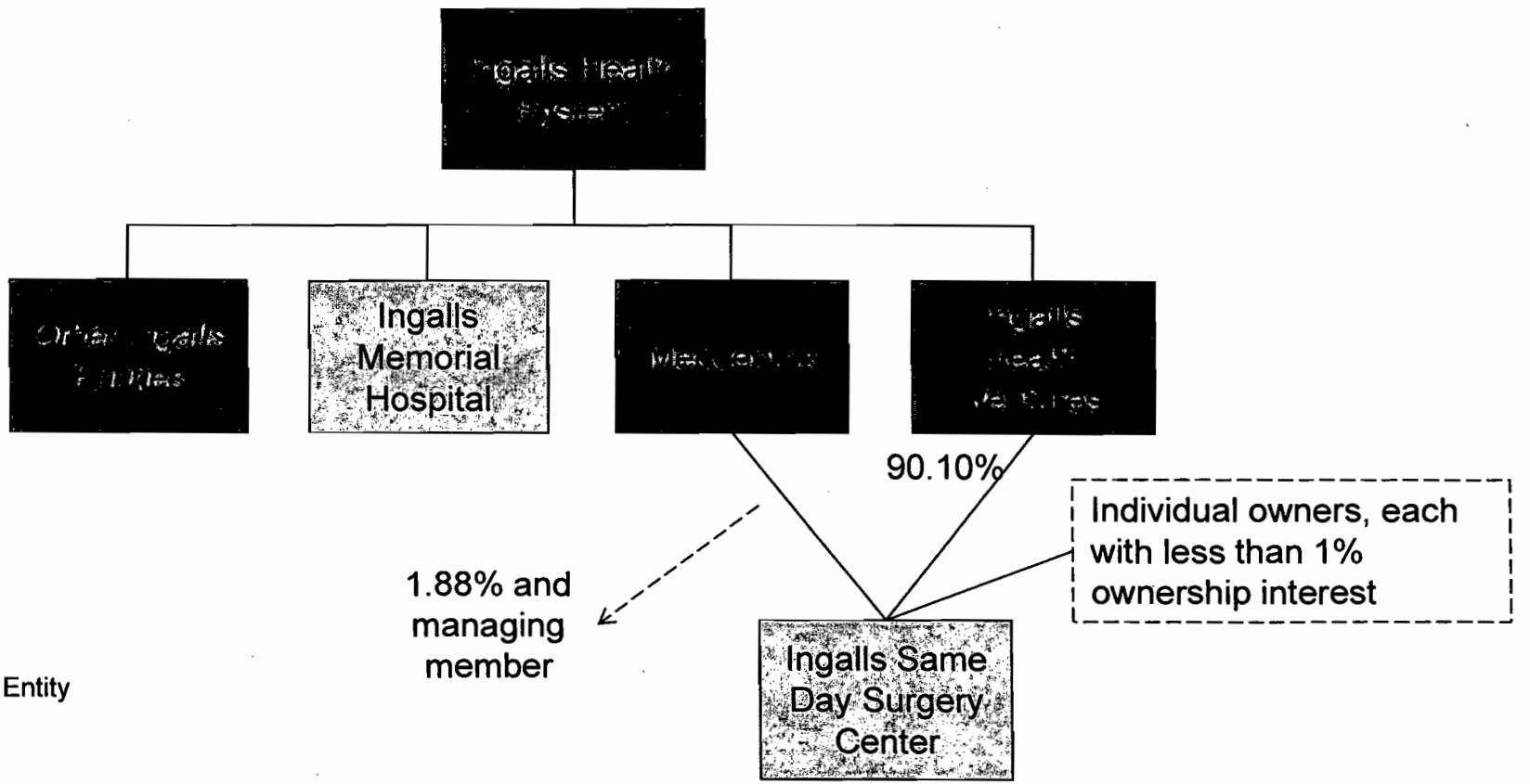
2. Ingalls Same Day Surgery Center (a joint venture owned 90.10% by two IHS subsidiaries and 9.90% by individual physicians)

Neither the licensed entity of the health care facilities listed above, nor the legal entity that owns the physical plant of such facilities will change as part of the Affiliation.

There is no monetary consideration being exchanged between the parties as part of the Affiliation. The applicants have scheduled a September 30, 2016 closing, subject to obtaining regulatory approvals.

ATTACHMENT 3

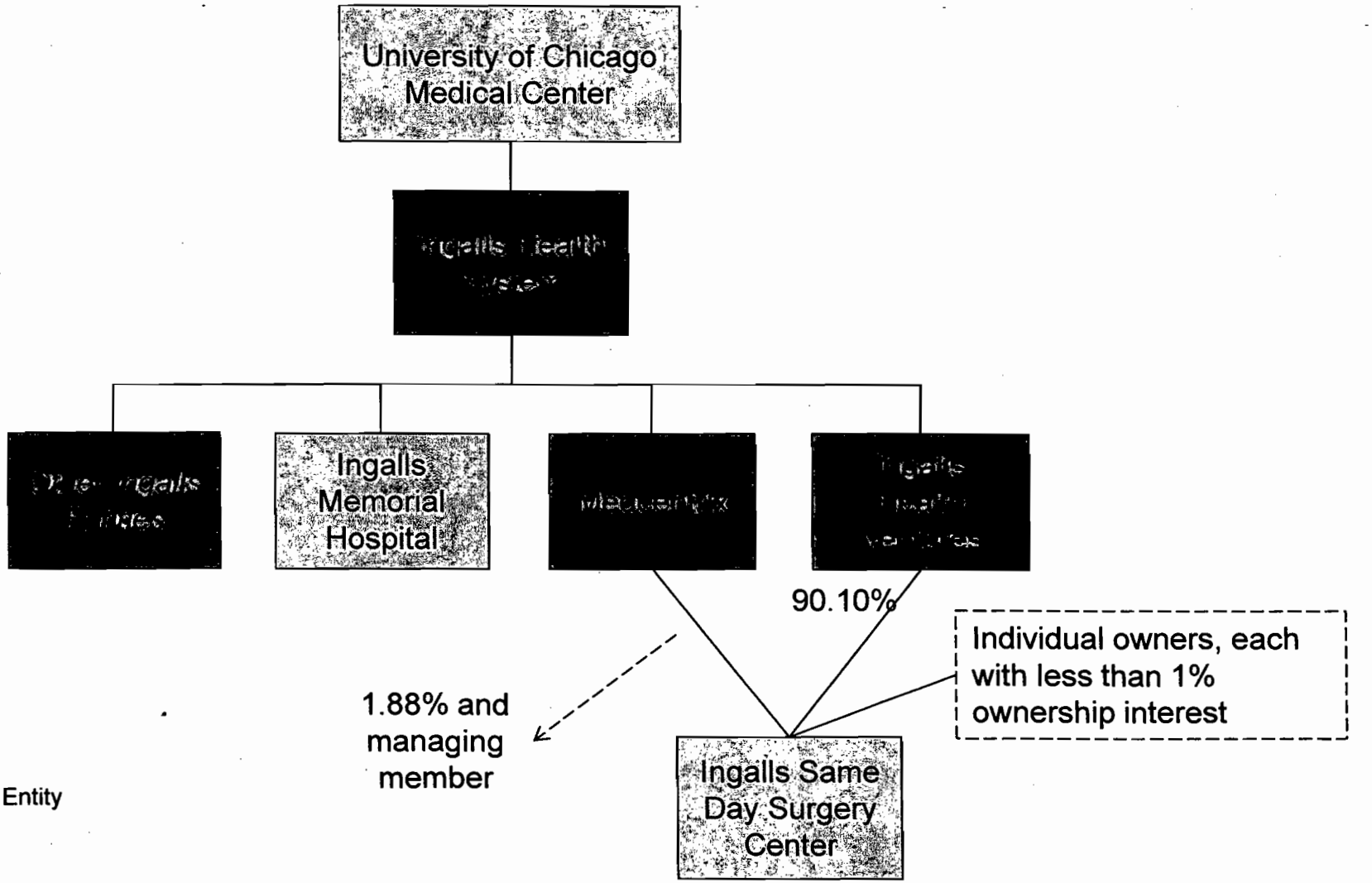
Existing Ingalls System Structure



= Licensed Entity

ATTACHMENT 3

Post – Closing System Structure



= Licensed Entity

ATTACHMENT 3

Section 13 Background of Applicants

Attachment 4

Background of Applicants

1. **Ingalls Health System Overview**

Ingalls Health System ("IHS") is a nationally recognized regional health system consisting of The Ingalls Memorial Hospital ("Ingalls Hospital") and a network of comprehensive outpatient facilities, including Ingalls Same Day Surgery Center. Ingalls ASTC is a multi-specialty facility with four (4) operating rooms, twelve (12) stage 1 recovery stations and four (4) stage 2 recovery stations.

A separate exemption application is being filed concurrently with respect to Ingalls Hospital. IHS also includes Ingalls Family Care Centers in Tinley Park, Calumet City and Flossmoor, Illinois, Ingalls Center for Outpatient Rehabilitation in South Holland and Ingalls Home Care & Hospice, which provides skilled nursing, support and therapy services throughout the South side of Chicago.

2. **University of Chicago Medical Center Overview**

University of Chicago Medical Center ("UCMC") is one of the nation's leading academic medical institutions. Located on Chicago's South side, UCMC operates under one license the Center for Care and Discovery, the Bernard Mitchell Hospital, The Chicago Lying-In-Hospital, the University of Chicago Comer Children's Hospital, and the Duchossois Center for Advanced Medicine.

3. **Organizational Chart and Good Standing Certificates**

An organizational chart showing the current membership and ownership structure and the post-closing ownership structure of UCMC and IHS is included in Attachment 3. Good standing certificates for the following entities are also attached:

A. **Ingalls Same Day Surgery Center, Ltd. ("Ingalls ASTC")**: Ingalls ASTC is an Illinois not-for-profit corporation licensed by the Illinois Department of Public Health ("IDPH"). Ingalls ASTC is owned by 90.10% by Ingalls Health Ventures 1.88% by Medcentrix, Inc., both of which are IHS affiliates, and 8.02%

collectively by individual physicians, each of whom owns less than 1% individually.

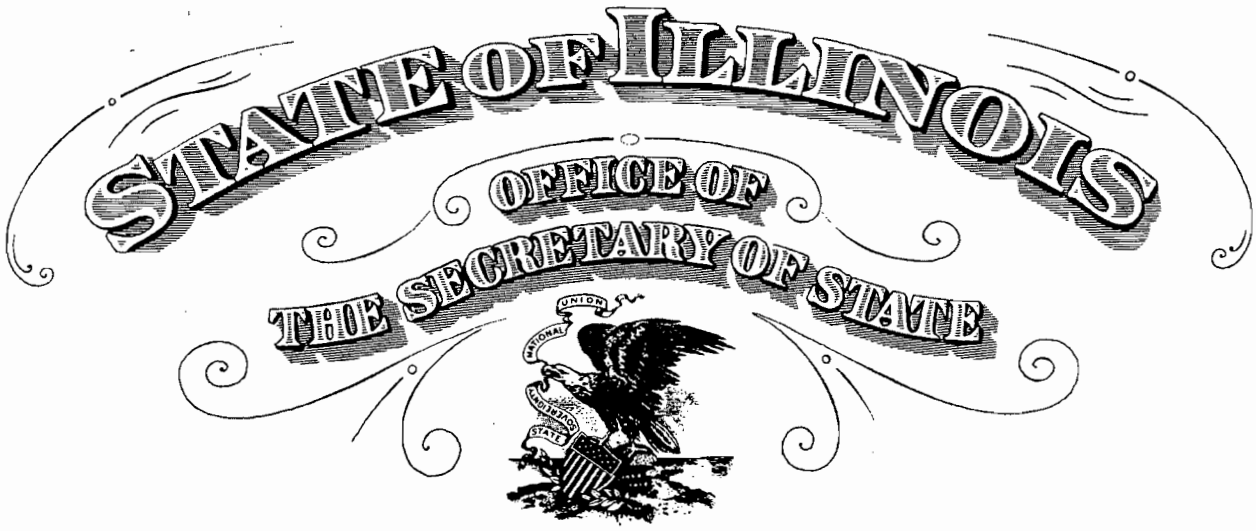
B. **Ingalls Health Ventures ("Ingalls Ventures")**: Ingalls Ventures is an Illinois not-for-profit corporation. Ingalls Ventures is one hundred percent (100%) owned by IHS. Ingalls Ventures owns 90.10 % of the interests of Ingalls ASTC and Medcentrix, Inc., another IHS affiliate, owns 1.88% of Ingalls ASTC, and the remaining 8.02% is collectively owned by individual physicians, each of whom owns less than 1% individually. A copy of Ingalls Ventures Illinois Good Standing Certificate is attached.

C. **Ingalls Health Systems ("IHS")**: IHS is an Illinois not-for-profit corporation and the indirect parent entity of Ingalls ASTC. A copy of IHS' Illinois Good Standing Certificate is attached.

E. **University of Chicago Medical Center ("UCMC")**: UCMC is an Illinois not-for-profit corporation. After the transaction UCMC will become the sole corporate member of IHS. A copy of UCMC's Illinois Good Standing Certificate is attached.

ATTACHMENT 4

File Number S000460



To all to whom these Presents Shall Come, Greeting:

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

INGALLS SAME DAY SURGERY CENTER, LTD., HAVING REGISTERED IN THE STATE OF ILLINOIS ON NOVEMBER 12, 1987, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE UNIFORM LIMITED PARTNERSHIP ACT (2001) OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LP/LLLP IN THE STATE OF ILLINOIS, HAVING FULFILLED ALL REQUIREMENTS OF SAID ACT WITH REGARD TO PAYMENT OF FEES, THE FILING OF ANNUAL REPORTS (IF APPLICABLE) AND NEITHER HAVING BEEN ADMINISTRATIVELY DISSOLVED BY THE SECRETARY OF STATE NOR HAVING VOLUNTARILY FILED A STATEMENT OF TERMINATION.

Authentication #: 1619000578

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

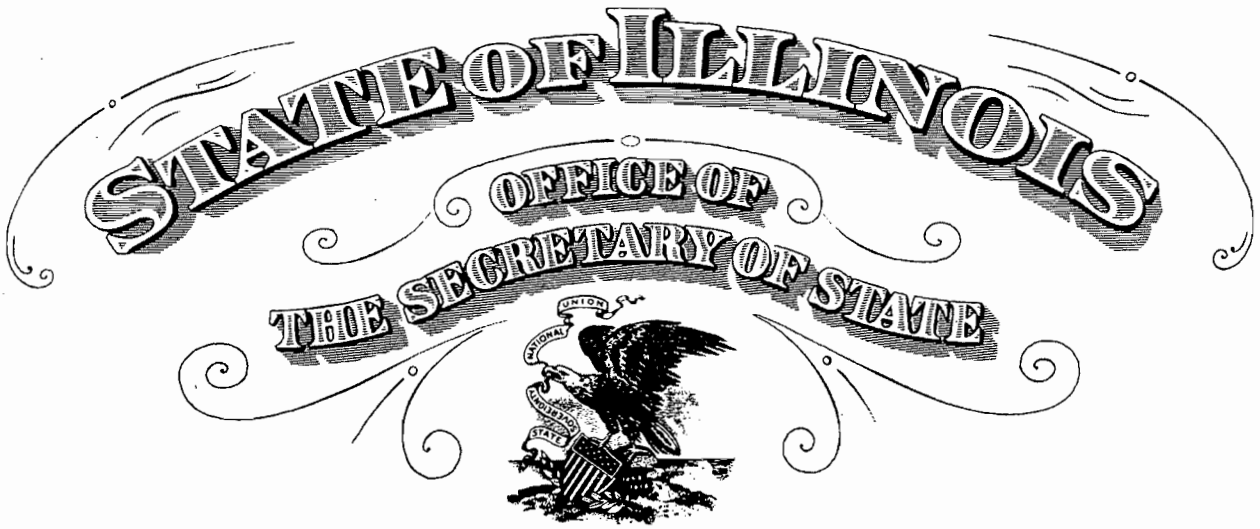
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* JULY *A.D.* 2016 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 4

File Number 5260-636-5



To all to whom these Presents Shall Come, Greeting:

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

INGALLS HEALTH VENTURES, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 29, 1981, 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.

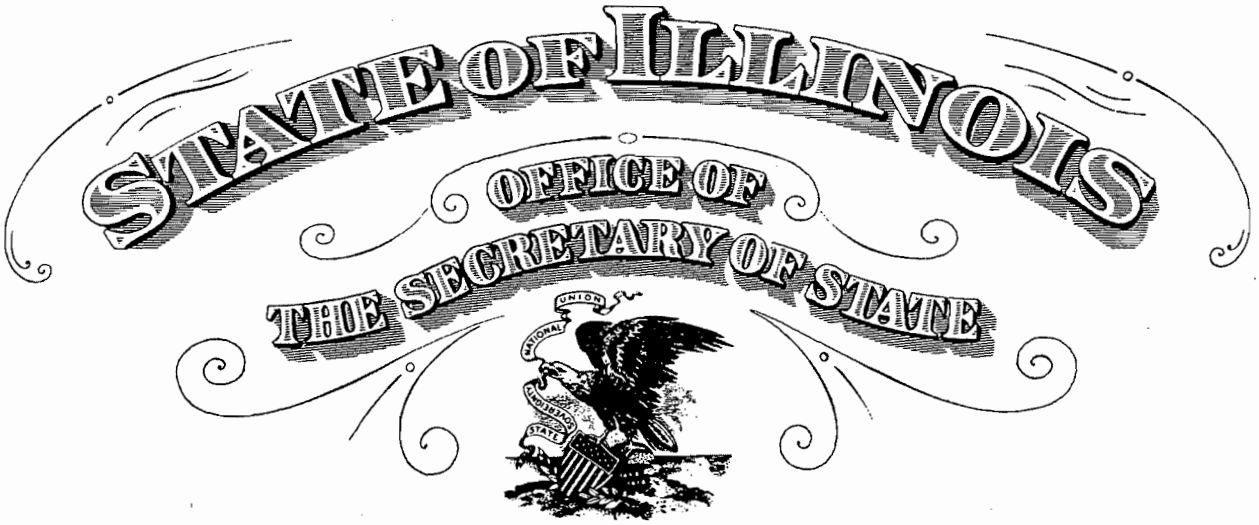
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* JULY *A.D.* 2016 .

Authentication #: 1619000520 verifiable until 07/08/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 4

File Number 5260-578-4



To all to whom these Presents Shall Come, Greeting:

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

INGALLS HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 22, 1981, 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.

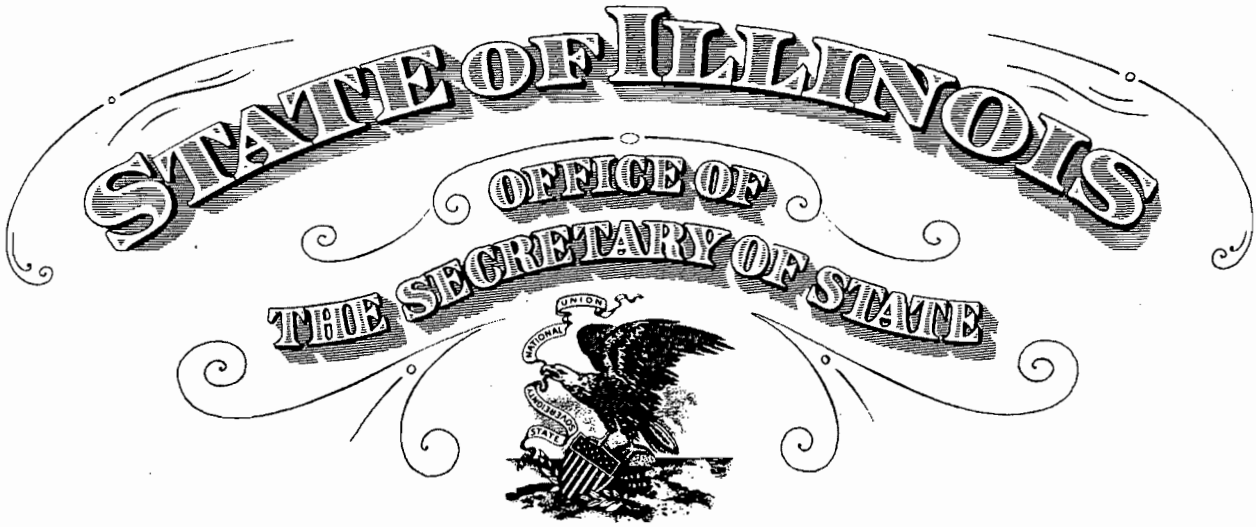
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* JULY *A.D.* 2016 .

Authentication #: 1619000478 verifiable until 07/08/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 4

File Number 5439-757-7



To all to whom these Presents Shall Come, Greeting:

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

THE UNIVERSITY OF CHICAGO MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 01, 1986, 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* 8TH *day of* FEBRUARY *A.D.* 2016 .

Authentication #: 1603901866 verifiable until 02/08/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 4

Section 14, Transaction Documents

Attachment 5

Summary of Transaction Documents

1. **Names and Background of the Parties**

A. **Ingalls Same Day Surgery Center ("Ingalls ASTC")**

Ingalls Same Day Surgery Center ("Ingalls ASTC") is part of Ingalls Health System ("IHS"). Ingalls ASTC is a multi-specialty facility with four (4) operating rooms, twelve (12) stage 1 recovery stations and four (4) stage 2 recovery stations.

B. **Ingalls Health Ventures ("Ingalls Ventures")**

Ingalls Ventures is an Illinois not-for-profit corporation. Ingalls Ventures owns 90.10 % of the interests of Ingalls ASTC and Medcentrix, Inc., another IHS affiliate, owns 1.88% of Ingalls ASTC, and the remaining 8.02% is collectively owned by individual physicians, each of whom owns less than 1% individually. Ingalls Ventures is one hundred percent (100%) owned by IHS.

C. **Ingalls Health System ("IHS")**

IHS is the indirect parent entity to Ingalls ASTC. IHS owns Ingalls Ventures and Medcentrix one hundred percent (100%).

E. **University of Chicago Medical Center ("UCMC")**

University of Chicago Medical Center ("UCMC") is one of the nation's leading academic medical institutions. UCMC is licensed by the IDPH to operate under a single license the Center for Care and Discovery, the Bernard Mitchell Hospital, The Chicago Lying-In-Hospital, the University of Chicago Comer Children's Hospital, and the Duchossois Center for Advanced Medicine.

2. **Structure of the Transaction**

UCMC and IHS contemplate entering into a Member Substitution Agreement (the "Agreement"). Under this Agreement, subject to Review Board and other regulatory approvals, IHS would agree to affiliate its systems with UCMC (the "Affiliation").

Under this transaction, UCMC would become the sole corporate member of IHS and IHS would have representation on UCMC's Board of Directors.

No new corporate entity will be formed as part of this transaction. Upon consummation of this transaction, UCMC will become the sole corporate member of IHS. Following consummation of the transaction, UCMC's Board of Directors will consist of up to fifty (50) members (excluding ex-officio members), with four (4) members to be designated by IHS.

IHS, through its subsidiaries, currently operates the following two facilities both of which will experience a change of control as a result of this transaction and require Review Board approval:

1. Ingalls Memorial Hospital (an acute care hospital owned and operated by The Ingalls Memorial Hospital, Inc., a direct subsidiary of IHS)

2. Ingalls Same Day Surgery Center (a joint venture owned in excess of 90% by two IHS subsidiaries and less than 10% by individual physicians)

Neither the licensed entity of the health care facilities listed above, nor the legal entity that owns the physical plant of such facilities will change as part of the Affiliation.

There is no monetary consideration being exchanged between the parties as part of the Affiliation. The applicants have scheduled a September 30, 2016 closing, subject to obtaining regulatory approvals.

3. **The Person Who Will Be the Licensed Entity After the Transaction**

Ingalls Same Day Surgery Center ("Ingalls ASTC") will continue to be the licensed entity.

4. **The Ownership/Membership Interest in the Licensed Entity Pre and Post Transaction**

After the proposed Affiliation, Ingalls ASTC will continue to be owned by Ingalls Ventures (90.10%), Medcentrix, Inc. (1.88%) and individual physicians (collectively 8.02%, but each of whom owns less than 1% individually), however, as a result of the Affiliation, UCMC will exercise control over Ingalls ASTC.

An organizational chart showing the current membership and ownership structure and the post-closing ownership structure of Ingalls ASTC is included in Attachment 3.

5. **Fair Market Value of the Assets Being Transferred**

Using the book value accounting method, the fair market value for the operations of IHS, Ingalls Hospital and Ingalls ASTC is estimated to be Three Hundred Twenty-Five Million Seven Hundred Thousand Dollars ($325,700,000).

6. **Purchase Price and Other Consideration**

There is no monetary consideration being exchanged between the parties as part of the transaction. UCMC will commit to investments in capital facilities and operations at Ingalls ASTC as part of the Affiliation.

7. **Post-Closing Attestation**

Within ninety (90) days of after the closing of the proposed transaction, the Applicants will provide certification to the Review Board that the change in ownership has been completed in accordance with the terms set forth in this application.

ATTACHMENT 5

Section 15, Financial Statements

Attachment 6

Financial Statements

Copies of the most recently audited financial statements for the University of Chicago Medical Center ("UCMC"), for the years ending December 31, 2013, 2014 and 2015 are included in the companion COE application for the Ingalls Memorial Hospital.

Attachment 7

Section 1130.520, Information Requirements for Change of Ownership of a Health Care Facility

1. **Affirmations**: In accordance with 77 Ill. Adm. Code §1130.520, the Applicants affirm the following:

    a. The transaction documents contain a provision that execution is subject to the Review Board's approval.

    b. No adverse action has been taken against any of the Applicants by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by any of the Applicants, directly or indirectly, within the past three years.

    c. Any Ingalls ASTC projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Adm. Code §1130.520. Ingalls ASTC has no permits from the Review Board which have not been completed.

    d. The Applicants understand that failure to complete the Affiliation in accordance with the applicable provisions of Section 1130.500(d) no later than 24 months from the date of exemption approval and failure to comply with the material change requirements of this Section will invalidate the exemption.

2. **Statement as to the anticipated benefits of the proposed changes in ownership to the community.**

    The proposed transaction will create an integrated health care system focused on access, quality and service between two South Side organizations with complementary strengths – UCMC has expertise in complex care and research and Ingalls has expertise in high-quality care in the community hospital setting.

    Through a strong combined network of physicians and facilities, the proposed transaction will promote greater access for patients across a continuum of health care, improve coordination and spur clinical innovation. UCMC and IHS will maximize the benefits of their combined scope and scale to jointly provide the highest quality of care to patients, to more effectively coordinate care, to manage population health in their communities and to improve health outcomes.

3. **Statement as to the anticipated or potential cost savings, if any, that will result for the community and the facility as a result of the change in ownership.**

The proposed transaction between UCMC and IHS will improve the value of health care in both service areas through economies of scale and corresponding financial savings, and by enabling the parties to more effectively implement new payment models, such as risk contracting and bundled payments.

Ingalls and UCMC's diverse set of assets, including a strong acute care base complemented by an extensive ambulatory care platform, a geographic spread of healthcare providers, strong interoperable information technology with extensive data acquisition and predictive modeling capabilities, and robust quality and safety programs, will help to facilitate their delivery of integrated health care and to achieve a lower cost platform.

The parties intend that the combined health system will maintain a strong financial operational model to generate the capital required to reinvest in infrastructure, programs and services in furtherance of the respective clinical missions. Additionally, the operational efficiency will be driven by LEAN management principles employed in each organization.

4. **Description of the facility's quality improvement program mechanism that will be utilized to assure quality control.**

UCMC and IHS share a longstanding commitment to a culture of quality, patient safety and service. By aspiring to the highest standards for quality and patient satisfaction, UCMC and IHS continue to advance the commitment to delivering care that is of the highest quality, is evidence based, and eliminates preventable harm.

It is anticipated that IHS will integrate its quality and safety plans with UCMC's quality and safety plans after the closing of the proposed transaction. UCMC's quality and safety plans are designed to align leadership, staff and resources to accomplish defined quality improvement and patient safety goals. UCMC's plans are supported and sustained through a robust data analytics program in order to measure internal performance and to benchmark against national peers. Annual goals are set to maintain UCMC's status as a national leader in quality, safety and experience. The goals consider key components of the national quality agendas, value and input from stakeholders both internal and external to the system including patients and their family members.

5. **Description of the applicant's organizational structure, including a listing of controlling or subsidiary persons.**

Diagrams illustrating the ownership structure of UCMC, IHS and Ingalls ASTC, both current and post-transaction, are provided in Attachment 3.

6. **Description of the selection process that the acquiring entity will use to select the facility's governing body.**

UCMC will become the sole corporate member of IHS.

As part of the Affiliation, UCMC will designate four (4) additional seats on its Board of Trustees to be appointed by IHS ("Ingalls Trustees"). The current Chief Executive Officer of IHS will be one of the Ingalls Trustees, ex officio, and the current IHS Board of Directors will designate the other three Ingalls Trustees.

The Ingalls Trustees will serve for at least one initial three (3) year term, subject to further reorganization of UCMC's Board of Trustees. After the Ingalls Trustees' initial term expires, UCMC's Board of Directors will appoint the Ingalls Trustees from a slate nominated by its Community Health and Hospital Division.

Additionally, each of UCMC's Strategic Planning, Finance and Clinical Quality and Safety Committees will be increased by one member each and members of the Ingalls Trustees or other Ingalls representatives will be included on these committees.

7. **Statement that the applicants have prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility.**

The Applicants have or will prepare a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 that will be available for public review at Ingalls ASTC.

8. **Description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months after acquisition.**

There are no proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months after the transaction.

ATTACHMENT 7