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HEALTH FACILITIES & SERVICES REVIEW BOARD

E-004-14

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: Loyola University Medical Center Outpatient Dialysis Center
Address: 2160 South 1st Avenue
City: Maywood Zip Code: 60153 County: Cook
Name of current licensed entity for the facility: Loyola University Medical Center
Does the current licensee: own this facility Yes OR lease this facility _____(if leased, check if sublease ☐)
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 State Senator for the district where the facility is located: Sen. Kimberly A. Lightford
State Senate District Number: 4 Mailing address of the State Senator: 10001 West Roosevelt Road, Suite 202 Westchester, Illinois 60154
Illinois State Representative for the district where the facility is located: Rep. Emanuel Chris Welch
State Representative District Number: 7 Mailing address of the State Representative: 10055 West Roosevelt Road, Suite E, Westchester, Illinois 60154

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: Trinity Health Corporation
Address: 20555 Victor Parkway
City, State & Zip Code: Livonia, Michigan 48152-7018
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: The license will continue to be held by Loyola University Medical Center as the proposed transaction involves a consolidation of the parent entity.
Address: 2160 South 1st Avenue, Maywood, Illinois 60153
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 _____

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 building(s) will continue to be owned by Loyola University Medical Center as the proposed transaction involves a consolidation of the parent entity.
Address: 2160 South 1st Avenue, Maywood, Illinois 60153
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
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5. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant: CHE Trinity Inc.
Address: 20555 Victor Parkway
City, State & Zip Code: Livonia, Michigan 48152-7018
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 _____

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__X___ 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;
   - o 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;
   - ✓ 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:** $0 (See Explanatory Note 9 for additional information)

10. **FAIR MARKET VALUE OF THE FACILITY:** $361,000,000 (See Explanatory Note 10 for additional information) (to determine fair market value, refer to 77 IAC 1130.140)

11. **DATE OF PROPOSED TRANSACTION:** July 1, 2014

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: Edward J. Green, Esq., Foley & Lardner LLP
Address: 321 North Clark Street, Suite 2800
City, State & Zip Code: Chicago, Illinois 60654
Telephone: 312-832-4375

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

Name: J. Mark Waxman, Esq., Foley & Lardner LLP
Address: 111 Huntington Avenue, Suite 2600
City, State & Zip Code: Boston, Massachusetts 02199
Telephone: 617-342-4055

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

Name: Paul Neumann, Esq., Senior Vice President & General Counsel, Trinity Health Corporation
Address: 20555 Victor Parkway
City, State & Zip Code: Livonia, Michigan 48152-7018
Telephone: 248-489-6214

18. **CERTIFICATION**

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: Richard Gilfillan

Title of Authorized Officer: President & CEO, Trinity Health Corporation

Address: 20555 Victor Parkway

City, State & Zip Code: Livonia, Michigan 48152-7018

Telephone: (734) 343-1396 Date: 01/08/2014

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).

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Typed or Printed Name of Authorized Officer: Richard Gilfillan

Title of Authorized Officer: President & CEO, CHE Trinity Inc.

Address: 20555 Victor Parkway

City, State & Zip Code: Livonia, Michigan 48152-7018

Telephone: (734) 343-1396 Date: 01/08/2014

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

Attachment 1
Application Fee

A check in the sum of Two Thousand, Five Hundred Dollars ($2,500) and payable to the Illinois Department of Public Health is attached at Attachment 1.

Attachment 3
Narrative Description

CHE Trinity Inc. ("CHE Trinity") and Trinity Health Corporation ("Trinity") hereby seek a Certificate of Exemption ("COE") from the Illinois Health Facilities & Services Review Board (the "Board") to allow consummation of a proposed merger (the "Transaction"), whereby CHE Trinity, the sole corporate member of Trinity, and Catholic Health East ("CHE") will merge with and into Trinity, with Trinity resulting as the surviving corporation.

The Transaction is the second and final phase of a two phased transaction which was previously approved by the Board on May 15, 2013 by Exemption Numbers 011-13, 012-13, 013-13, 014-13 and 015-13. In the initial phase of the transaction, CHE and Trinity began the process of consolidating and CHE Trinity became the sole corporate member of Trinity and CHE. The Transaction described herein is the second step to the transaction, which was contemplated in the prior COE Applications and is described in more detail below.

Under the terms of the Transaction, CHE Trinity, Trinity and CHE will merge together and consolidate into Trinity and will establish a structure to address the rapidly changing health care environment that requires more focus on population health and the delivery of more coordinated and integrated care and health and wellness services. The Transaction will be the final step in the creation of a health system that serves people in 20 states from coast to coast with 86 hospitals, 13 PACE programs, 44 home care agencies operating in 160 counties, and 52 other continuing care communities.

In addition, there will be no purchase or sale of the assets and no funds will be exchanged pursuant to the Transaction. Trinity will preserve its charitable and Catholic identity and will continue to be subject to the Ethical and Religious Directives for Catholic Health Care Services.

As this Transaction is merely the consolidation of the parent entities (i.e., CHE Trinity, Trinity and CHE) there will be no direct impact on their downstream entities. Notably, the downstream entities will continue, as of the effective date of the Transaction, to (i) maintain their own existing licenses, provider numbers and accreditations; (ii) furnish the services they are currently furnishing; and (iii) operate as organizations currently exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Moreover, none of the tax identification numbers will change for any of the downstream entities. Further, the downstream entities currently licensed by the State of Illinois will remain the licensed entities with no change in facility name or location. Again, there will be no purchase or sale of the assets and no funds will be exchanged, in any regard, pursuant to the Transaction.

In terms of the Transaction's specific connection to Illinois, Trinity is currently the sole corporate member of Loyola University Health System ("LUHS") and Mercy Health System of Chicago ("Mercy System").

LUHS owns and operates (either directly or through its affiliates) the following Illinois licensed facilities:

(1) Foster G. McGaw Hospital - Loyola University Medical Center ("LUMC"), a 569 bed general acute care hospital located in Maywood, Illinois;

(2) Gottlieb Memorial Hospital ("Gottlieb"), a 264 bed general acute care hospital located in Melrose Park, Illinois;

(3) Loyola University Medical Center Outpatient Dialysis Center (the "LUMC Dialysis Center"), a provider based, 31 station end stage renal disease facility located in Maywood, Illinois; and

(4) Loyola University Medical Center Ambulatory Surgery Center (the "LUMC Surgery Center"), a provider based, 8 operating room ambulatory surgery center located in Maywood, Illinois.

LUMC, Gottlieb, LUMC Dialysis Center, and LUMC Surgery Center are collectively referred to herein as the "LUHS Illinois Licensed Facilities."

Mercy System owns and operates (either directly or through its affiliates) the following Illinois licensed facility:

(1) Mercy Hospital & Medical Center ("Mercy Hospital"), a 449 bed general acute care hospital located in Chicago, Illinois.

The LUHS Illinois Licensed Facilities and Mercy Hospital are collectively referred to herein as the "Trinity Illinois Licensed Facilities."

Separate COE Applications have been simultaneously filed for each of the Trinity Illinois Licensed Facilities.

CHE does not currently own or operate any Illinois licensed facilities; nor will CHE own or operate any Illinois licensed facilities as a result of the Transaction.

Because the Transaction will result in a merger of three entities that own or control an Illinois licensed facility (as well as its physical plant and capital assets), the Transaction constitutes a change of ownership under Section 1130.140 of the Board's rules. The Transaction is set to close on or about July 1, 2014, subject to regulatory approvals.

The LUMC Dialysis Center is the specific subject of this COE Application. However, this COE Application has been filed simultaneously with the COE Application for LUMC. The LUMC COE Application is the "lead" COE Application and the contents of the LUMC COE Application are incorporated herein by reference. This COE Application must be read in conjunction with the LUMC COE Application because the LUMC COE Application contains the relevant attachments and notes.