18-010

[ORIGINAL]

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

RECEIVED
FEB 27 2018
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Blessing Hospital		
Street Address: 1005 Broadway		
City and Zip Code: Quincy, Illinois 62305		
County:	Health Service Area: E	Health Planning Area: 5

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Blessing Hospital
Street Address: 1005 Broadway
City and Zip Code: Quincy, Illinois 62305
Name of Registered Agent: Betty Kasparie
Registered Agent Street Address: 1005 Broadway
Registered Agent City and Zip Code: Quincy, Illinois 62305
Name of Chief Executive Officer: Maureen Kahn
CEO Street Address: 1005 Broadway
CEO City and Zip Code: Quincy, Illinois 62305
CEO Telephone Number: 217-223-8400 ext. 6807

Type of Ownership of Applicants

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

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- o Partnerships must provide the name of the state in which they are 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: Betty J. Kasparie
Title: Vice President Corporate Compliance
Company Name: Blessing Hospital
Address: 1005 Broadway
Telephone Number: 217-223-8400 ext. 6808
E-mail Address: betty.kasparie@blessinghealthsystem.org
Fax Number: 217-223-6891

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

Name: Jayne Huseman
Title: Administrative Director, Facilities, Engineering and Development
Company Name: Blessing Hospital
Address: 1005 Broadway
Telephone Number: 217-223-8400 ext. 6738
E-mail Address: jayne.huseman@blessinghealthsystem.org
Fax Number: 217-223-6891

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: Betty Kasparie
Title: Vice President Corporate Compliance
Company Name: Blessing Hospital
Address: 1005 Broadway
Telephone Number: 217-223-8400 ext. 6808
E-mail Address: betty.kasparie@blessinghealthsystem.org
Fax Number: 217-223-6891

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Blessing Hospital
Address of Site Owner: 1005 Broadway, Quincy, Illinois 62305
Street Address or Legal Description of the Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, 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: Blessing Hospital
Address: 1005 Broadway, Quincy, Illinois 62305

- [x] Non-profit Corporation
- [ ] For-profit Corporation
- [ ] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] 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 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 #2006-5 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 #2006-5 (**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

☑ Non-substantive

2. Narrative Description

In the space below, provide 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.

Blessing Hospital proposes to construct a 82,000 gross square foot two story medical office building on 7 acres it owns on the east side of Quincy. The cost of the project is $40,882,962. Inclusive of the land cost.

In addition to physician offices the project will dedicate space for lab, radiology, (CAT, MRI, general & ultrasound). A Physical Therapy provider will lease space.

The facility will have a limited retail space for a coffee shop and medical supplies.

This is not a new service so the project is non-substantive.

The project source of funding will be cash.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			

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

Related Project Costs

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

Land acquisition is related to project ■ Yes ☐ No
Purchase Price: $ 1.2 MILION
Fair Market Value: $ 1.2 MILLION

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

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

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

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

☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): December 31, 2020 (audited final report)

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
■ Financial Commitment 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 [Section 1130.620(c)]

Are the following submittals up to date as applicable:
■ Cancer Registry
■ APORS
■ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
■ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (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 the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Blessing Hospital			**CITY:** Quincy		
REPORTING PERIOD DATES:		**From:** 01/01/2017		**to:** 12/31/2017	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	158	9594	44858		
Obstetrics	25	1124	2477		
Pediatrics	20	309	1228		
Intensive Care	25	1401	5407		
Comprehensive Physical Rehabilitation	18	333	4444		
Acute/Chronic Mental Illness	41	2205	12103		
Neonatal Intensive Care					
General Long Term Care	20	622	6013		
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	307	15588	76530		

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

This Application is filed on the behalf of Blessing 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 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 fee required for this application is sent herewith or will be paid upon request.

Maureen A. Kahn
SIGNATURE
Maureen A. Kahn
PRINTED NAME
President/CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 21 day of February 2018

Sandra E. McElhoe
Signature of Notary

Seal "OFFICIAL SEAL" SANDRA E. MCELHOE Notary Public, State of Illinois My Commission Expires 02/26/21

SIGNATURE
Patrick M. Gerveler
PRINTED NAME
EVP/CFO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 21 day of February 2018

Sandra E. McElhoe
Signature of Notary

Seal "OFFICIAL SEAL" SANDRA E. MCELHOE Notary Public, State of Illinois My Commission Expires 02/26/21

*Insert the 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.

Background

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 that the information was 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.

Criterion 1110.230 – Purpose of the Project, and Alternatives

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 relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the 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 the age and condition of the project site, as well as 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 Staff 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 and it shall include the basis used for determining the space and the methodology applied.**

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 and certified by the facility's Medical Director.

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

   c. The project involves the conversion of existing space that results in excess square footage.

   d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

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	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, 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)**

VII. 1120.120 - AVAILABILITY OF FUNDS NA

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]:**

_______	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;
_______	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.
	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. 1120.130 - FINANCIAL VIABILITY NA

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

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

	Historical 3 Years			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.

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 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY NA

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

A. Reasonableness of Financing Arrangements

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

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

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

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

SECTION X. SAFETY NET IMPACT STATEMENT NA

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

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

SECTION XI. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

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 39.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

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

File Number 0047-718-4

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 I am the keeper of the records of the Department of Business Services. I certify that

BLESSING HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 29, 1873, 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* 23RD *day of* OCTOBER *A.D.* 2017 .

Authentication #: 1729601594 verifiable until 10/23/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

VACANT LAND SALES CONTRACT

(5.01 acres)

This Vacant Land Sales Contract ("Contract") is made and entered into by and between Blessing Hospital ("Buyer") and APT Real Estate Holdings, LLC ("Seller") as of the last date either party signs this Contract per the date line next to its signature.

For value received, Buyer and Seller agree as follows:

1. BUYER AND SELLER: Buyer agrees to purchase, and Seller agrees to sell to Buyer, for the price of $876,750.00 (5.01 acres x $175,000 per acre), the real estate described on attached Exhibit A which by reference is made a part hereof (hereafter "Property").

2. EARNEST MONEY: Buyer will pay to Seller $5,000.00 as earnest money upon the execution of this Contract to be applied toward the purchase price or otherwise disbursed as provided herein. The earnest money shall be held by Seller. The balance of the purchase price, subject to prorations, shall be paid at closing.

3. THE CLOSING DATE: The closing date shall be held within 90 days from date hereof or sooner if both parties agree. The place of closing shall be determined by the parties.

4. POSSESSION: Possession will be given to Buyer at time of closing.

5. THE DEED: Seller shall convey the Property to Buyer by a recordable special warranty deed subject only to the following "permitted exceptions", if any: (a) general real estate taxes not due at time of closing; (b) special assessments confirmed after the date hereof; and (c) easements and restrictions of record (as set forth on Exhibit A) that do not interfere with Buyer's planned use of the Property.

6. ZONING: Buyer has investigated and confirmed the zoning classification of the Property and finds that the present zoning classification is satisfactory for Buyer's intended use of the Property.

7. ENVIRONMENTAL: Environmental Inspections. Seller warrants that it had a Phase I Environmental Inspection performed at the time Seller acquired the Property. Upon execution of this Contract and Buyer's deposit of the earnest money, Seller shall furnish to Buyer a complete copy of said Phase I Environmental Inspection. If such Phase I Environmental Inspection discloses that the Property has environmental issues Buyer, at Buyer's option, may have a Phase II Environmental Inspection of the Property performed in order to determine the scope and extent of the environmental issues affecting the Property. Based on the Phase I Environmental Inspection alone and/or the Phase II Environmental Inspection showing environmental issues with the Property, Buyer may terminate this Contract and receive a refund of its earnest money. Any Phase II Environmental Inspection shall be undertaken at Buyer's cost

and a copy thereof shall be provided to Seller. Accordingly, Seller, upon request by Buyer, shall furnish to Buyer an affidavit stating that Seller has not permitted, and has no knowledge of, any adverse environmental condition existing before or coming into existence since, the preparation of the aforesaid Phase I Environmental Inspection.

8. REAL ESTATE BROKER'S COMMISSION: Seller and Buyer each represent that no real estate broker has been retained and no commission is due.

9. TITLE: (a) At a reasonable time prior to the closing date, but not less than thirty (30) days prior thereto, Seller shall furnish or cause to be furnished to Buyer, at Seller's expense, a commitment to issue an Owner's Title Insurance Policy on the current form of American Land Title Association Owner's Policy (or equivalent policy) in the amount of the purchase price, covering the date hereof, subject only to: (1) general Schedule B exceptions; (2) the "permitted exceptions" as set forth in Paragraph 5; (3) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money at the time of closing, in which case an amount sufficient to secure the release of such title exceptions shall be deducted from the proceeds of sale due Seller at closing; and (4) acts done or suffered by, or judgments against Buyer, or those claiming by, through or under Buyer. (b) If the title commitment discloses unpermitted exceptions, Seller shall have 30 days from the date of delivery thereof to have said exceptions cured or waived, or to have the title insurer commit to insure against loss or damage that may be caused by such exceptions and the closing date shall be delayed, if necessary, during said 30-day period to allow Seller time to have said exceptions cured or waived. If Seller fails to have unpermitted exceptions cured or waived or, in the alternative, to obtain a commitment for title insurance specified above as to such exceptions, within the specified time, Buyer may either terminate this Contract, or may elect, upon notice to Seller within 10 days after the expiration of the 30 day period, to take title as it then is, with the right only to deduct from the purchase price, liens or encumbrances of a definite or ascertainable manner. If Buyer does not so elect, this Contract shall become null and void, without further action of the parties, and the earnest money paid by Buyer hereunder shall be refunded to Buyer, and neither party shall have any further obligations hereunder. (c) Every title commitment which conforms with subparagraph "(a)" shall be conclusive evidence of good title as therein shown, as to all matters insured by the policy, subject only to special exceptions therein stated. (d) At Buyer's request, prior to closing, the title company shall furnish to Buyer an updated commitment and GAP coverage showing any objections that have been cured or removed; further, that the Property is free of any additional title defects and, finally, insuring good title to the Property from the date of the last lien search through the closing date.

10. PRORATIONS: (a) General real estate taxes shall be prorated as of the closing date on the basis of the tax assessor's latest assessed valuation for 2016 and the purchase price for 2017, and for both years, based upon the latest known equalization factors and the latest known tax rate. Further, the parties agree, but only if the prorating at closing differs for either year by $100.00 or more from the prorating based on the actual tax bill, that the taxes shall be reprorated

upon receipt of such actual tax bills. This agreement shall survive delivery of the deed. (b) The parties agree to take all necessary steps to obtain a tax division for the Property, if necessary.

11. PERFORMANCE: Time is of the essence of this Contract.

12. REPRESENTATIONS AND WARRANTIES: Seller makes the following representations, warranties and covenants:

(a) No assessments have been made against the Property which are unpaid and delinquent, including, without limitation, those for construction of sewer, water, gas and electric lines and mains, streets and other public improvements.

(b) Seller has not received notice of, and to the best of Seller's knowledge, there are no violations of, any governmental rules, regulations or orders with regard to use or condition of the Property.

(c) To the best of the Seller's knowledge, the Property is not now and has not previously been used as a hazardous waste site as defined by the Resource Conservation and Recovery Act of 1976 nor has any claim been asserted with respect to the Property alleging a release into the environment of any hazardous substance, as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, any amendment thereof, or State of Illinois and local versions of said laws.

(d) To the best of the Seller's knowledge, all owners or occupants of the Property have been at all times and continued to be in compliance with any and all federal, state and/or local environmental statutes, ordinances, rules and/or regulations (hereinafter "environmental laws"), including, but not limited to, the Comprehensive Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act and the Illinois Environmental Protection Act. Furthermore, Seller warrants that Seller has no knowledge of, nor has Seller received any notice of, a violation of any such environmental laws with respect to the Property. Buyer understands the Property has been used for farming purposes. The normal fertilizers and chemicals used in farming have been applied to the Property.

(e) There are no pending, or to Seller's knowledge, any threatened condemnation proceedings, lawsuits or administrative actions relating to the Property or the use, occupancy or value thereof.

(f) There are not outstanding options or rights of first refusal or agreement to purchase the Property or any portion thereof or interest therein.

13. NOTICES: All notices required to be given under this Contract shall be construed to mean notice in writing signed by or on behalf of the party giving same, and served upon the other party or its attorney personally or deposited properly addressed to each party or its attorney at the address herein set forth below such party's signature in the U.S. mail, postage prepaid, certified or registered mail, return receipt requested.

14. TRANSFER TAX/DEED RECORDING: Seller shall pay the State of Illinois and Adams County Real Estate Transfer Taxes. Buyer shall pay the costs of recording the deed.

15. STATUTORY COMPLIANCE: Buyer and Seller shall provide, and consent to the reporting of all information regarding this sale required by any act, regulation or statute, including all amendments thereto, of the United States of American, or State of Illinois, (or any agency or subdivision thereof) including but not limited to the following: a) All provisions of Section 1445 of the Internal Revenue Code including any withholding requirements thereof; b) All provisions of Section 6045 of the Internal Revenue Code including disclosure of tax identification numbers, sales price, net sales proceeds and forwarding addresses.

16. MERGER OF AGREEMENTS: This Contract contains the entire agreement between the parties hereto. All negotiations between the parties are merged in this Contract, and there are no understandings or agreements other than those incorporated in this Contract.

17. ASSIGNMENT: Buyer shall have the right to assign this Contract but, if so, Buyer nonetheless shall remain liable hereon.

18. MISCELLANEOUS:

A. Excess dirt when Buyer grades the Property. Buyer agrees that any excess dirt requiring removal from the Property will be hauled to the real estate nearby owned by Seller. Seller, at its cost, will level the dirt hauled and dumped on its own property. Buyer has no responsibility other than to deliver and dump the excess dirt on Seller's nearby property.

B. All water retention areas developed by Buyer as to its Property will be located solely on its Property.

C. Attorney fees. Each party will pay its own attorney fees.

19. LIKE KIND EXCHANGE: Each party acknowledges that the other party may utilize the Property or the proceeds due it, or payable by it, at closing as part of a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code. Each party agrees to cooperate with the other party in this regard and to execute such documents as may be required to complete a like-kind exchange. Each party shall prepare any documents required by that party to accomplish the like-kind exchange for that party. Neither party shall be required to incur any additional costs as a result of that party's cooperation in the other party's exchange nor shall any

such exchange unduly delay the Closing.

20. **DEFAULT REMEDIES:** If either party fails to perform any of the terms and conditions of this Contract for any reason other than default by the other party or the termination of this Contract pursuant to the terms and conditions contained herein, the non-defaulting party may, at its sole option (i) terminate this Contract, (ii) enforce specific performance of this Contract against the defaulting party or (iii) pursue any other legal or equitable remedy. In addition to such remedies, the non-defaulting party shall be entitled to recover from the defaulting party its reasonable attorney fees and costs in pursuing all such remedies. Notwithstanding the foregoing, if Buyer defaults hereunder, Seller's sole remedy shall be to retain Buyer's earnest money deposit as liquidated damages for Buyer's breach, actual damages being difficult or impossible to ascertain. If either party shall institute an action in any court of competent jurisdiction alleging that the other party is in breach of this Agreement, the party prevailing in any such action shall be entitled to recover from the other party, and the other party shall pay to the prevailing party on demand, all reasonable attorneys' fees actually incurred by the prevailing party.

21. BINDING EFFECT: This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

22. COUNTERPARTS: This Agreement may be executed in multiple counterparts, each of which shall be deemed to be original, and all such counterparts shall constitute one instrument. Any signature of a party to this Agreement that is delivered by facsimile or electronic mail (PDF) shall be deemed to be an original signature of such party and shall bind any party signing in such manner thereon.

Blessing Hospital

By: Maureen A. Kahn Dated: 12/6/16

Print Name: MAUREEN A. KAHN

Broadway and 14th

Quincy, IL 62301

Attorney: William M. McCleery, Jr.
525 Jersey Street
Quincy, IL 62301

"Buyer"

APT Real Estate Holdings, LLC

By ______________________ Dated: ______________

Print Name: ______________

3032 Broadway

Quincy, IL 62301

Attorney: Steven E. Siebers
625 Vermont Street
Quincy, IL 62301

"Seller"

Escrow Receipt

The undersigned escrow agent hereby acknowledges receipt of $5,000.00 to be held and disbursed as earnest money pursuant to the terms of this Contract.

APT REAL ESTATE HOLDINGS, LLC

By: ______________________

00511715

Attachment 2

Blessing Hospital

By:____________________ Dated: ____________

Print Name:____________________
Broadway and 14th
Quincy, IL 62301

Attorney: William M. McCleery, Jr.
525 Jersey Street
Quincy, IL 62301

"Buyer"

APT Real Estate Holdings, LLC

By: J - R. Stratton Dated: 11-30-16

Print Name: Jason R. Stratton
3032 Broadway
Quincy, IL 62301

Attorney: Steven E. Siebers
625 Vermont Street
Quincy, IL 62301

"Seller"

Escrow Receipt

The undersigned escrow agent hereby acknowledges receipt of $5,000.00 to be held and disbursed as earnest money pursuant to the terms of this Contract.

APT REAL ESTATE HOLDINGS, LLC

By:____________________________

EXHIBIT A

Part of the Northwest Quarter of Section 4, Township 2 South, Range 8 West of the Fourth Principal Meridian, Adams County, Illinois, described as follows:

Commencing at a 5/8 inch pin marking the West Quarter corner of Section 4; thence North 01 degrees 00 minutes 08 seconds East along the West line of said Section 4, a distance of 1055.19 feet; thence South 89 degrees 29 minutes 52 seconds East, 46.06 feet to the East Right of Way line of 48th Street; thence along said East line, a curve to the right having a radius of 21,596.05 feet, through a central angle of 01 degrees 03 minutes 43 seconds on an arc length of 400.28 feet (chord bearing North 01 degrees 48 minutes 58 seconds East 400.27 feet); thence North 29 degrees 24 minutes 28 seconds East along said East line, 59.14 feet to the South right of way line of Maine Street; thence North 75 degrees 58 minutes 10 seconds East along said South line, 52.05 feet; thence South 89 degrees 12 minutes 45 seconds East along said South line, 225.28 feet; thence along said South line, a curve to the right having a radius of 854.98 feet, through a central angle of 03 degrees 00 minutes 07 seconds an arc length of 44.79 feet (chord bearing South 87 degrees 42 minutes 42 seconds East 44.79 feet); thence South 01 degrees 00 minutes 08 seconds West, parallel with the West line of said Section 4, a distance of 464.46 feet; thence North 89 degrees 29 minutes 52 seconds West, 473.82 feet to the point of beginning, containing 5.01 acres, more or less, shown on a survey by Poepping, Stone, Bach & Associates, Inc., dated November, 2014,

subject to Restrictions appearing on record on August 8, 2000 in Book 93 Misc., Page 340 as Document No. 104913 and amended March 9, 2004 in Book 704, Page 2602 as Document No. 200402602; to Easement to Illinois Bell Telephone Company recorded August 30, 1972 as Document No. 18895; to Easement to Illinois Bell Telephone Company recorded May 9, 1973 as Document No. 03721; to Warranty Deed to the People of the State of Illinois for road purposes recorded September 21, 1973 in Book 487, Page 581 as Document No. 07101; to Right of Way Easement to Adams Electrical Co-Operative recorded May 27, 1974 in Book 11 Misc. At Page 171 as Document No. 11779; to Sewer Easement to the City of Quincy recorded December 23, 1997 in Book 14 ROW at Page 1580 as Document No. 057119; to Sewer Easement to the City of Quincy recorded April 4, 2000 in Book 14 ROW at Page 2471 as Document No. 100116; to provisions and conditions of the Ordinance No. 2000-101 annexing the land into the City of Quincy, recorded November 17, 2000 in Book 4 ORD., Page 599 as Document No. 107752; to Annexation Plat recorded December 1, 2000 in Book 15, page 1420, and to easements and rights of way as the same appear on record,

all situated in the County of Adams, State of Illinois,

00512715

Attachment 2

VACANT LAND SALES CONTRACT
(2 acres)

This Vacant Land Sales Contract ("Contract") is made and entered into by and between Blessing Hospital ("Buyer") and APT Real Estate Holdings, LLC ("Seller") as of the last date either party signs this Contract per the date line next to its signature.

For value received, Buyer and Seller agree as follows:

1. BUYER AND SELLER: Buyer agrees to purchase, and Seller agrees to sell to Buyer, for the price of $350,000.00, the real estate described on attached Exhibit A which by reference is made a part hereof (hereafter "Property").

2. EARNEST MONEY: Buyer will pay to Seller $2,500.00 as earnest money upon the execution of this Contract to be applied toward the purchase price or otherwise disbursed as provided herein. The earnest money shall be held by Seller. The balance of the purchase price, subject to prorations, shall be paid at closing.

3. THE CLOSING DATE: The closing date shall be held within 30 days from date hereof or sooner if both parties agree. The place of closing shall be determined by the parties.

4. POSSESSION: Possession will be given to Buyer at time of closing.

5. THE DEED: Seller shall convey the Property to Buyer by a recordable special warranty deed ("Deed") subject only to the following "permitted exceptions", if any: (a) general real estate taxes not due at time of closing; (b) special assessments confirmed after the date hereof; and (c) easements and restrictions of record that do not interfere with Buyer's planned use of the Property.

6. ZONING: Buyer has investigated and confirmed the zoning classification of the Property and finds that the present zoning classification is satisfactory for Buyer's intended use of the Property.

7. SURVEY: Prior to the Closing, Buyer, at Buyer's cost, shall have the Property surveyed. A copy of the survey and proposed legal description shall be delivered to both parties. Such survey and the legal description set out therein will then be used to legally describe the Property on the Deed to be delivered by Seller to Buyer at closing.

8. ENVIRONMENTAL: Environmental Inspections. Seller warrants that it had a Phase I Environmental Inspection performed at the time Seller acquired the Property. Upon execution of this Contract and Buyer's deposit of the earnest money, Seller shall furnish to Buyer a complete copy of said Phase I Environmental Inspection. If such Phase I Environmental Inspection discloses that the Property has environmental issues Buyer, at Buyer's option, may have a Phase II

Attachment 2

Environmental Inspection of the Property performed in order to determine the scope and extent of the environmental issues affecting the Property. Based on the Phase I Environmental Inspection alone and/or the Phase II Environmental Inspection showing environmental issues with the Property, Buyer may terminate this Contract and receive a refund of its earnest money. Any Phase II Environmental Inspection shall be undertaken at Buyer's cost and a copy thereof shall be provided to Seller. Accordingly, Seller, upon request by Buyer, shall furnish to Buyer an affidavit stating that Seller has not permitted, and has no knowledge of, any adverse environmental condition existing before or coming into existence since, the preparation of the aforesaid Phase I Environmental Inspection.

9. **REAL ESTATE BROKER'S COMMISSION:** Seller and Buyer each represent that no real estate broker has been retained and no commission is due.

10. **TITLE:** (a) At a reasonable time prior to the closing date, but not less than fourteen (14) days prior thereto, Seller shall furnish or cause to be furnished to Buyer, at Seller's expense, a commitment to issue an Owner's Title Insurance Policy on the current form of American Land Title Association Owner's Policy (or equivalent policy) in the amount of the purchase price, covering the date hereof, subject only to: (1) general Schedule B exceptions; (2) the "permitted exceptions" as set forth in Paragraph 5; (3) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money at the time of closing, in which case an amount sufficient to secure the release of such title exceptions shall be deducted from the proceeds of sale due Seller at closing; and (4) acts done or suffered by, or judgments against Buyer, or those claiming by, through or under Buyer. (b) If the title commitment discloses unpermitted exceptions, Seller shall have 30 days from the date of delivery thereof to have said exceptions cured or waived, or to have the title insurer commit to insure against loss or damage that may be caused by such exceptions and the closing date shall be delayed, if necessary, during said 30-day period to allow Seller time to have said exceptions cured or waived. If Seller fails to have unpermitted exceptions cured or waived or, in the alternative, to obtain a commitment for title insurance specified above as to such exceptions, within the specified time, Buyer may either terminate this Contract, or may elect, upon notice to Seller within 10 days after the expiration of the 30 day period, to take title as it then is, with the right only to deduct from the purchase price, liens or encumbrances of a definite or ascertainable manner. If Buyer does not so elect, this Contract shall become null and void, without further action of the parties, and the earnest money paid by Buyer hereunder shall be refunded to Buyer, and neither party shall have any further obligations hereunder. (c) Every title commitment which conforms with subparagraph "(a)" shall be conclusive evidence of good title as therein shown, as to all matters insured by the policy, subject only to special exceptions therein stated. (d) At Buyer's request, prior to closing, the title company shall furnish to Buyer an updated commitment and GAP coverage showing any objections that have been cured or removed; further, that the Property is free of any additional title defects and, finally, insuring good title to the Property from the date of the last lien search through the closing date.

11. **PRORATIONS:** (a) General real estate taxes shall be prorated as of the closing date on the basis of the tax assessor's latest assessed valuation for 2017 and the purchase price for 2018, and for both years, based upon the latest known equalization factors and the latest known tax rate.

Further, the parties agree, but only if the prorating at closing differs for either year by $100.00 or more from the prorating based on the actual tax bill, that the taxes shall be reprorated upon receipt of such actual tax bills. This agreement shall survive delivery of the deed. (b) The parties agree to take all necessary steps to obtain a tax division for the Property, if necessary.

12. **PERFORMANCE:** Time is of the essence of this Contract.

13. **REPRESENTATIONS AND WARRANTIES:** Seller makes the following representations, warranties and covenants:

(a) No assessments have been made against the Property which are unpaid and delinquent, including, without limitation, those for construction of sewer, water, gas and electric lines and mains, streets and other public improvements.

(b) Seller has not received notice of, and to the best of Seller's knowledge, there are no violations of, any governmental rules, regulations or orders with regard to use or condition of the Property.

(c) To the best of the Seller's knowledge, the Property is not now and has not previously been used as a hazardous waste site as defined by the Resource Conservation and Recovery Act of 1976 nor has any claim been asserted with respect to the Property alleging a release into the environment of any hazardous substance, as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, any amendment thereof, or State of Illinois and local versions of said laws.

(d) To the best of the Seller's knowledge, all owners or occupants of the Property have been at all times and continued to be in compliance with any and all federal, state and/or local environmental statutes, ordinances, rules and/or regulations (hereinafter "environmental laws"), including, but not limited to, the Comprehensive Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act and the Illinois Environmental Protection Act. Furthermore, Seller warrants that Seller has no knowledge of, nor has Seller received any notice of, a violation of any such environmental laws with respect to the Property. Buyer understands the Property has been used for farming purposes. The normal fertilizers and chemicals used in farming have been applied to the Property.

(e) There are no pending, or to Seller's knowledge, any threatened condemnation proceedings, lawsuits or administrative actions relating to the Property or the use, occupancy or value thereof.

(f) No third party holds an option or right of first refusal or agreement to purchase the Property or any portion thereof or interest therein.

14. **NOTICES:** All notices required to be given under this Contract shall be construed to mean notice in writing signed by or on behalf of the party giving same and served upon the other party or its attorney personally or deposited properly addressed to each party or its attorney at the address herein set forth below such party's signature in the U.S. mail, postage prepaid, certified or registered mail, return receipt requested.

15. **TRANSFER TAX/DEED RECORDING:** Seller shall pay the State of Illinois and Adams County Real Estate Transfer Taxes. Buyer shall pay the costs of recording the deed.

16. **STATUTORY COMPLIANCE:** Buyer and Seller shall provide, and consent to the reporting of all information regarding this sale required by any act, regulation or statute, including all amendments thereto, of the United States of American, or State of Illinois, (or any agency or subdivision thereof) including but not limited to the following: a) All provisions of Section 1445 of the Internal Revenue Code including any withholding requirements thereof; b) All provisions of Section 6045 of the Internal Revenue Code including disclosure of tax identification numbers, sales price, net sales proceeds and forwarding addresses.

17. **MERGER OF AGREEMENTS:** This Contract contains the entire agreement between the parties hereto. All negotiations between the parties are merged in this Contract, and there are no understandings or agreements other than those incorporated in this Contract. Any and all previous agreements and understandings between the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

18. **ASSIGNMENT:** Buyer shall have the right to assign this Contract but, if so, Buyer nonetheless shall remain liable hereon.

19. **MISCELLANEOUS:**

A. Excess dirt when Buyer grades the Property. Buyer agrees that any excess dirt requiring removal from the Property will be hauled to the real estate nearby owned by Seller. Seller, at its cost, will level the dirt hauled and dumped on its own property. Buyer has no responsibility other than to deliver and dump the excess dirt on Seller's nearby property.

B. Water retention areas. All water retention areas developed by Buyer as to its Property will be located solely on its Property.

C. Attorney fees. Each party will pay its own attorney fees.

20. **LIKE KIND EXCHANGE:** Each party acknowledges that the other party may utilize the Property or the proceeds due it, or payable by it, at closing as part of a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code. Each party agrees to cooperate with the other party in this regard and to execute such documents as may be required to complete a like-kind

exchange. Each party shall prepare any documents required by that party to accomplish the like-kind exchange for that party. Neither party shall be required to incur any additional costs as a result of that party's cooperation in the other party's exchange nor shall any such exchange unduly delay the Closing.

21. **DEFAULT REMEDIES**: If either party fails to perform any of the terms and conditions of this Contract for any reason other than default by the other party or the termination of this Contract pursuant to the terms and conditions contained herein, the non-defaulting party may, at its sole option (i) terminate this Contract, (ii) enforce specific performance of this Contract against the defaulting party or (iii) pursue any other legal or equitable remedy. In addition to such remedies, the non-defaulting party shall be entitled to recover from the defaulting party its reasonable attorney fees and costs in pursuing all such remedies. Notwithstanding the foregoing, if Buyer defaults hereunder, Seller's sole remedy shall be to retain Buyer's earnest money deposit as liquidated damages for Buyer's breach, actual damages being difficult or impossible to ascertain. If either party shall institute an action in any court of competent jurisdiction alleging that the other party is in breach of this Agreement, the party prevailing in any such action shall be entitled to recover from the other party, and the other party shall pay to the prevailing party on demand, all reasonable attorneys' fees actually incurred by the prevailing party.

22. **BINDING EFFECT:** This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

23. **COUNTERPARTS:** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be original, and all such counterparts shall constitute one instrument. Any signature of a party to this Agreement that is delivered by facsimile or electronic mail (PDF) shall be deemed to be an original signature of such party and shall bind any party signing in such manner thereon.

Blessing Hospital

By: Jerry R. Jackson Dated: 2-7-2018

Print Name: JERRY R. JACKSON

Its: PROPERTY MANAGER

Broadway and 11th

Quincy, IL 62301

Attorney: William M. McCleery, Jr.
525 Jersey Street
Quincy, IL 62301

"Buyer"

APT Real Estate Holdings, LLC

By [signature] Dated: 2-7-18

Print Name: Jason R. Stratton

Its: Member

3032 Broadway

Quincy, IL 62301

Attorney: Steven E. Siebers
625 Vermont Street
Quincy, IL 62301

"Seller"

Escrow Receipt

The undersigned, escrow agent, hereby acknowledges receipt of $2,500.00 to be held and disbursed as earnest money pursuant to the terms of this Contract.

APT REAL ESTATE HOLDINGS, LLC

By: [signature]

Its: Member

Attachment 2

EXHIBIT A

Part of the Northwest Quarter of Section 4, Township 2 South, Range 8 West of the Fourth Principal Meridian, Adams County, Illinois, described as follows:

Commencing at a 5/8" pin marking the West Quarter corner of Section 4; thence North 01 degrees 00 minutes 08 seconds East along the West line of said Section 4, a distance of 1055.19 feet; thence South 89 degrees 29 minutes 52 seconds East, 519.85 feet to the Southeast corner of a tract, described in a Trustee's Deed recorded as Document number 2014R-09789 at the Adams County Recorder's Office, being the point of beginning; thence North 01 degrees 00 minutes 08 seconds East along the East line of said Tract, 464.46 feet to the South Right of Way line of Maine Street; thence along said South line, along a curve to the right having a radius of 854.98 feet, through a central angle of 13 degrees, 08 minutes, 00 seconds an arc length of 195.98 feet (chord bearing = S.79°38'38"E., 195.55'); thence South 01 degrees 00 minutes 08 seconds West, 430.99 feet; thence North 89 degrees 29 minutes 52 seconds West, 192.96 feet to the point of beginning, containing 2.00 acres all as shown on the Plat of Survey made in January 2018 by Theodore D. Vahle, Illinois Professional Land Surveyor #35-3225 recorded on ________________, 2018 as Document #________ to which reference is made for greater certainty.

File Number 0047-718-4

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 I am the keeper of the records of the Department of Business Services. I certify that

BLESSING HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 29, 1873, 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* 23RD *day of* OCTOBER *A.D.* 2017 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

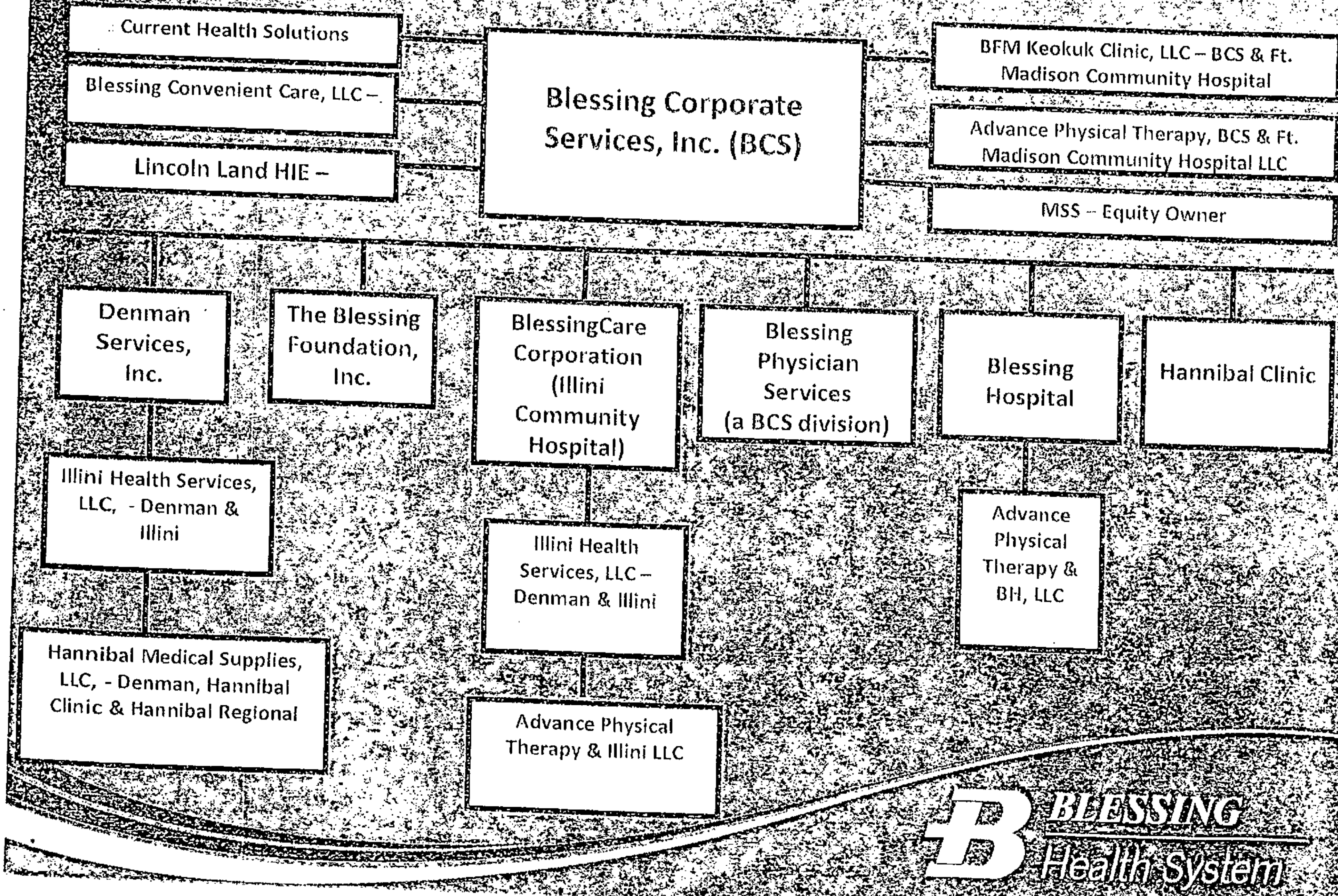
Authentication #: 1729601594 verifiable until 10/23/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

Attachment 4

Who are We... Our Structure



BLESSING
Health System

P.O. Box 7005 Quincy, IL
217-223-8400
www.blessinghealthsystem.org

February 20, 2018

Flood Plain Attestation

I, Maureen Kahn, do hereby attest that the property located at 48th and Maine owned by Blessing Hospital and proposed in the application comply with the requests of the Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard area.

Maureen Kahn

Maureen Kahn
President/CEO
Blessing Hospital

Attachment 5

National Flood Hazard Layer FIRMette

FEMA

39°56'4.16"N

91°20'40.96"W

91°20'3.51"W

39°55'36.57"N

0 250 500 1,000 1,500 2,000 Feet

1:6,000

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth
- Regulatory Floodway *Zone AE, AO, AH, VE, AR*

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Zone D*

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- B 20.2 17.5 Cross Sections with 1% Annual Chance Water Surface Elevation
- Coastal Transect
- 513 Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

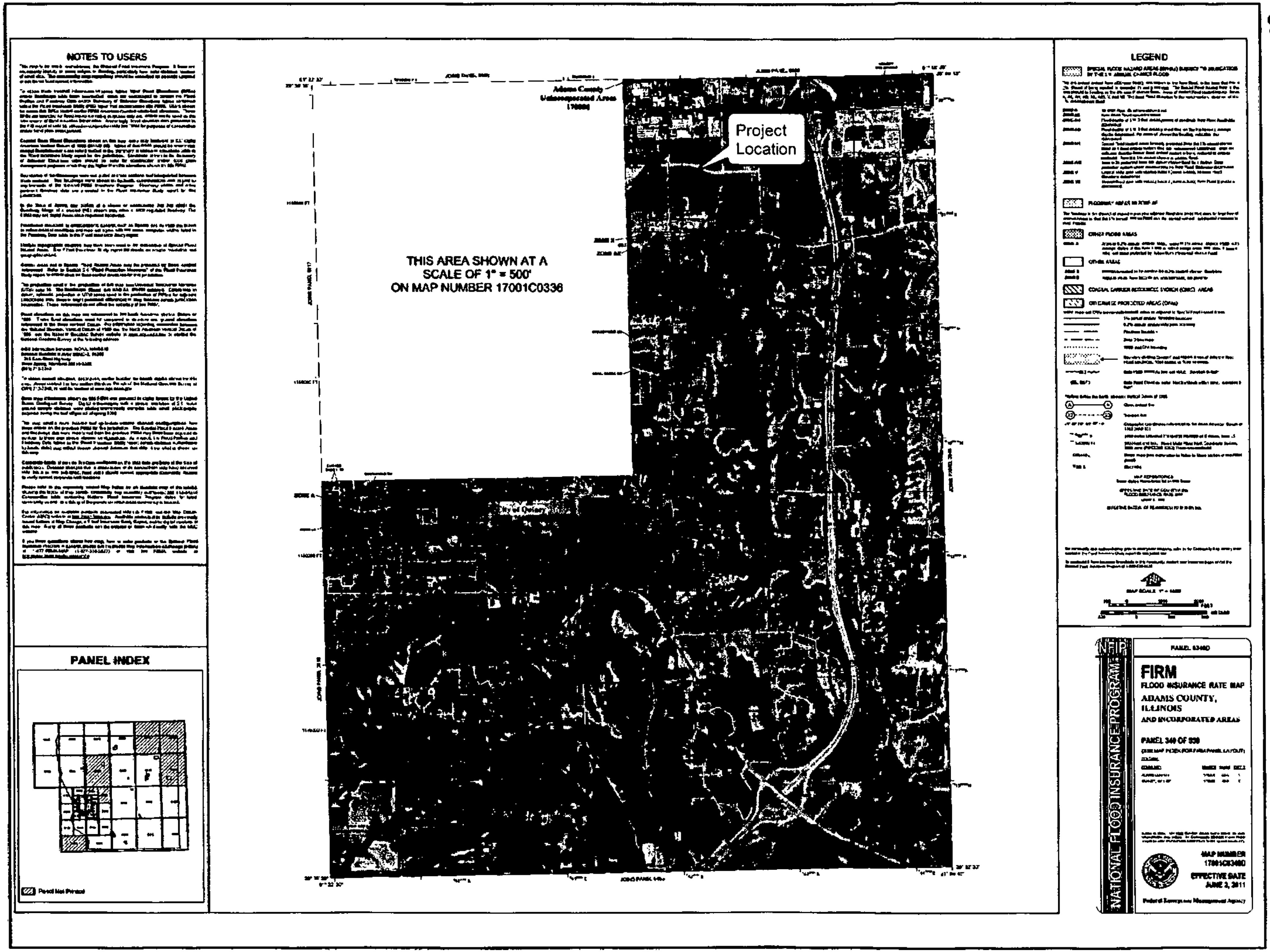
N

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The base map shown complies with FEMA's base map accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/19/2018 at 10:31:46 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: base map imagery, flood zone labels, legend, scale bar, map creation data, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Attachment 5


NOTES TO USERS
THIS AREA SHOWN AT A
SCALE OF 1" = 500'
ON MAP NUMBER 17001C0336
Adams County
Unincorporated Areas
170001
Project
Location
City of Quincy
LEGEND
PANEL INDEX
Panel Not Printed
NATIONAL FLOOD INSURANCE PROGRAM
NFIP
FIRM
FLOOD INSURANCE RATE MAP
ADAMS COUNTY,
ILLINOIS
AND INCORPORATED AREAS
PANEL 340 OF 550
MAP NUMBER
17001C0340D
EFFECTIVE DATE
JUNE 2, 2011
Federal Emergency Management Agency

BLESSING
Health System

P.O. Box 7005 Quincy, IL
217-223-8400
www.blessinghealthsystem.org

December 8, 2017

Illinois Historic Preservation Agency
Attn: Review and Compliance
1 Old State Capital Plaza
Springfield, IL 62701-1512

Re: Blessing Hospital
Historic Preservation Act Determination Request

Dear Revenue and Compliance Staff,

In accordance with the Illinois State Agency Historic Revenue Preservation Act, 20ILCS 34201/1, Blessing Hospital seeks a formal determination from the Illinois Historic Preservation Agency as to whether Blessing's proposed project to build a new medical office building on open land located at 48th and Maine Street in Quincy, Illinois affects historic resources.

1. Project Description and location

   Blessing Hospital is seeking approval from the Illinois Health Facilities and Services Review Board to build a new two story medical office building on open acreage at the southeast corner of 48th and Maine Street, Quincy, IL. There are two parcels totaling seven acres.

2. Topographical Map

   Maps showing the location of the proposed project are attached as Exhibit 1.

3. Building Structures on the project area

   There are no structures near the proposed site.

BLESSING
Health System

P.O. Box 7005 Quincy, Il
217-223-8400
www.blessinghealthsystem.org

4. Proposed site

The legal description of the proposed site is

The west two acres of the following tract of land:

A tract of land being part of the North 20 acres of the South 52 acres of the West half of the Northwest Quarter of Section 4, Township 2 South, Range 8 West of the Fourth Principal Meridian, Adams County, Illinois being more particularly described as follows;

Commencing at a found #5 rebar at the Southwest corner of the Northwest Quarter of said Section 4; thence North 01 degrees 00 minutes 13 seconds East a distance of 1055.15 feet along the West line of said)rthwest Quarter to the South line of the North 20 acres of the South 52 acres of the West half of the Northwest Quarter as fenced and occupied; thence along said South line South 89 degrees 29 minutes 29 seconds East a distance of 519.80 feet to a found #5 rebar and the True Point of Beginning; thence North 01 degrees 00 minutes 13 seconds East parallel with the West line of said Northwest Quarter, a distance of 464.63 feet to a found #5 rebar on the South Right of Way line Maine Street; thence along said South Right of Way line along a curve to right having an Arc Length of 307.42 feet, a Radius of 855.00 feet, a Chord Bearing of South 75 degrees 55 minutes 46 seconds East and a Chord Length of 305.77 feet to a found #5 rebar; thence continuing along said South Right of Way line South 65 degrees 31 minutes 40 seconds East a distance of 196.53 feet to a found #5 rebar; thence continuing along said South Right of Way line along a curve to left having an Arc Length of 333.23 feet, a Radius of 945.00 feet, a Chord Bearing of South 75 degrees 40 minutes 17 seconds East and a Chord Length of 331.51 feet to a #5 rebar set on the East line of the West Half of the Northwest Quarter of said Section 4; thence South 01 degrees 03 minutes 04 seconds West along said East line a distance of 233.92 feet to a found stone at the Southeast corner of the North 20 acres of the South 52 acres of the West half of the Northwest Quarter; thence North 89 degrees 29 minutes 29 seconds West along the South line of the North 20 acres of the South 52 acres of the West half of the Northwest Quarter as fenced and occupied a distance of 800.54 feet to the True Point of Beginning, containing 6.41 acres, more or less,

P.O. Box 7005 Quincy, Il
217-223-8400
www.blessinghealthsystem.org

Part of the Northwest Quarter of Section 4, Township 2 South, Range 8 West of the Fourth Principal Meridian, Adams County, Illinois, described as follows:

Commencing at a 5/8 inch pin marking the West Quarter corner of Section 4; thence North 01 degrees 00 minutes 08 seconds East along the West line of said Section 4, a distance of 1055.19 feet; thence South 89 degrees 29 minutes 52 seconds East, 46.03 feet to the East Right of Way line of 48th Street; thence along said East line, a curve to the right having a radius of 21,596.05 feet, through a central angle of 01 degrees 03 minutes 43 seconds on an arc length of 400.28 feet (chord bearing North 01 degrees 48 minutes 58 seconds East 400.27 feet); thence North 29 degrees 24 minutes 23 seconds East along said East line, 59.14 feet to the South right of way line of Maine Street; thence North 75 degrees 58 minutes 10 seconds East along said South line, 62.05 feet; thence South 89 degrees 12 minutes 45 seconds East along said South line, 335.28 feet; thence along said South line, a curve to the right having a radius of 854.98 feet; through a central angle of 03 degrees 00 minutes 07 seconds an arc length of 44.79 feet (chord bearing South 87 degrees 42 minutes 42 seconds East 44.79 feet); thence South 01 degrees 00 minutes 08 seconds West, parallel with the West line of said Section 4, a distance of 464.46 feet; thence North 89 degrees 29 minutes 52 seconds West, 473.82 feet to the point of beginning, containing 5.01 acres, more or less, shown on a survey by Poepping, Stone, Bach & Associates, Inc., dated November, 2014,

subject to Restrictions appearing on record on August 8, 2000 in Book 93 Misc., Page 340 as Document No. 104313 and amended March 9, 2004 in Book 704, Page 2602 as Document No. 200402602; to Easement to Illinois Bell Telephone Company recorded August 30, 1972 as Document No. 18895; to Easement to Illinois Bell Telephone Company recorded May 9, 1973 as Document No. 03721; to Warranty Deed to the People of the State of Illinois for road purposes recorded September 21, 1973 in Book 487, Page 581 as Document No. 07101; to Right of Way Easement to Adams Electrical Co-Operative recorded May 27, 1974 in Book 11 Misc. At Page 171 as Document No. 11779; to Sewer Easement to the City of Quincy recorded December 23, 1997 in Book 14 ROW at Page 1580 as Document No. 067119; to Sewer Easement to the City of Quincy recorded April 6, 2000 in Book 14 ROW at Page 2471 as Document No. 100116; to provisions and conditions of the Ordinance No. 2000-101 annexing the land into the City of Quincy, recorded November 17, 2000 in Book 4 ORD., Page 509 as Document No. 107752; to Annexation Plat recorded December 1, 2000 in Book 15, page 1420, and to easements and rights of way as the same appear on record,

all situated in the County of Adams, State of Illinois,

BLESSING
Health System

P.O. Box 7005 Quincy, IL
217-223-8400
www.blessinghealthsystem.org

Thank you for your consideration of our request for a historic preservation determination. If you have any questions or need additional information, please feel free to call me at (217) 223-8400, ext. 6808

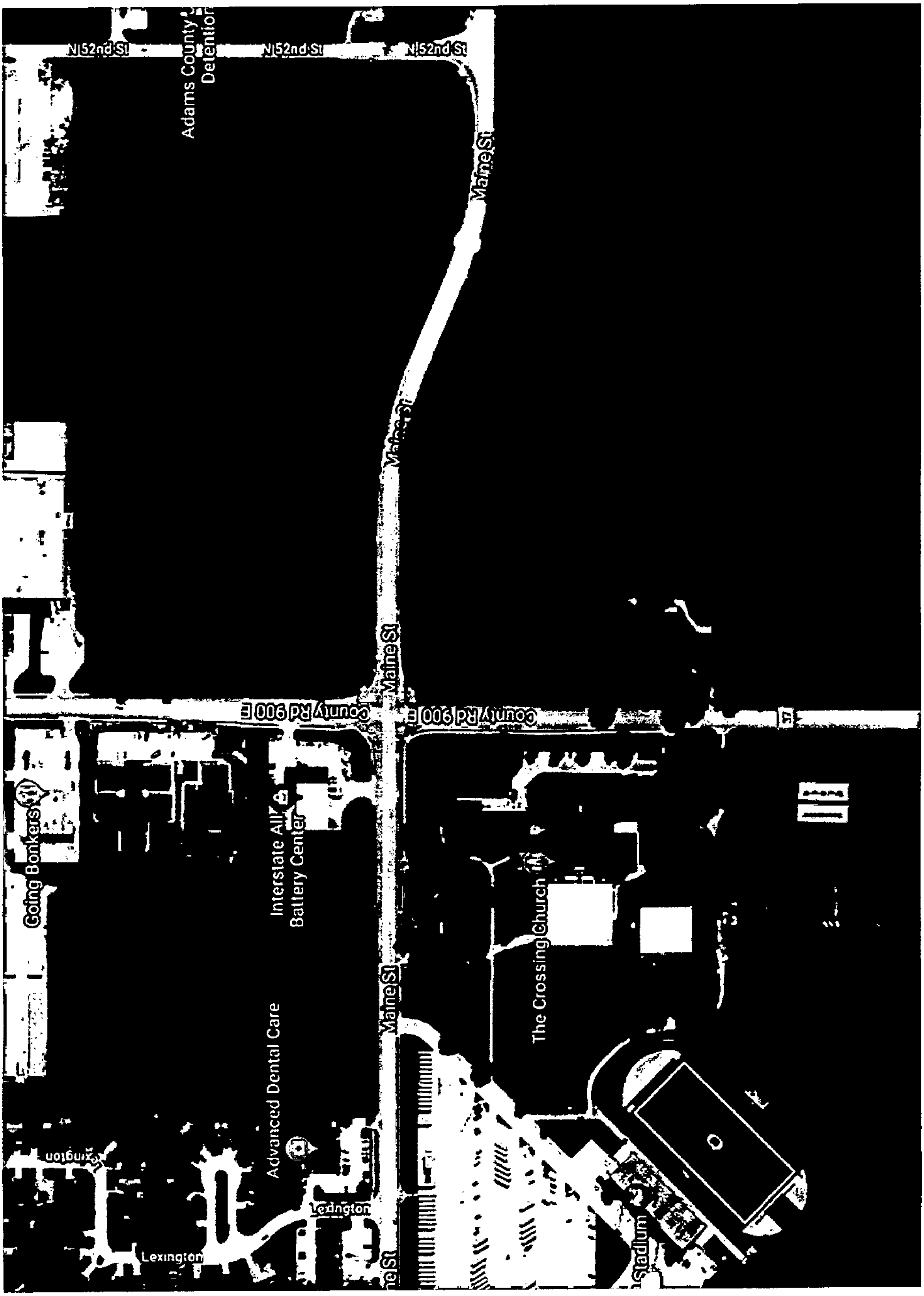
Sincerely,

Betty J. Kasparie

Betty J. Kasparie
Vice President
Corporate Compliance

BJK/elc

Attachment 6


N 52nd St
Adams County Detention
Maine St
County Rd 900 E
Going Bonkers
Interstate All Battery Center
Advanced Dental Care
The Crossing Church
Lexington
Stadium

SURVEY REQUEST

Illinois Department of
Natural Resources

Bruce Rauner, Governor

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Wayne A. Rosenthal, Director

FEB 12 2018

Adams County
Quincy
SE of 48th St. & Maine St., Section:4-Township:2S-Range:8W
IEPA, IHFSRB, PSBA-M-7-022
New construction, medical office building

PLEASE REFER TO: SHPO LOG #007121817

February 9, 2018

Nathen Leach
Poepping, Stone, Bach & Associates, Inc.
100 South 54th Street, P.O. Box 709, Quincy, IL 62306

Dear Mr. Leach:

The Illinois State Historic Preservation Office 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. We have received information indicating that the referenced project will, under the state law cited above, require comments from our office and our comments follow. Should you have any contrary information, please contact our office at the number below.

According to the information provided to us 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, therefore if your project will use federal loans or grants, need federal agency permits or federal property then your project must be reviewed by us under a slightly different procedure under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

The project area has previous identified sites and requires further evaluation of possible prehistoric/historic archaeological resources. Accordingly, a Phase I and possibly Phase II archaeological reconnaissance surveys to locate, identify, and record all archaeological resources within the project area will be required, in addition to the survey we will also need clear photographs of all structures in, or adjacent to, the current project area. This decision is based upon our understanding that there has not been any large scale disturbance of the ground surface (excluding agricultural activities) or major construction activity within the project area which would have destroyed existing cultural resources prior to your project. If the area has been disturbed, please contact our office with the appropriate written and/or photographic evidence. The area(s) that need(s) to be surveyed (within the zone that needs to be surveyed) include(s) all area(s) that will be developed as a result of the issuance of the state agency permit(s) or the granting of the state funds or loan guarantees that have prompted this review. Enclosed you will find an attachment briefly describing Phase I surveys and listing archaeological contracting services. A COPY OF OUR LETTER WITH THE SHPO LOG NUMBER SHOULD BE PROVIDED TO THE SELECTED PROFESSIONAL ARCHAEOLOGICAL CONTRACTOR TO ENSURE THAT THE SURVEY RESULTS ARE CONNECTED TO YOUR PROJECT PAPERWORK.

If you have further questions, please contact Joe Phillippe at 217/785-1279 or joe.phillippe@illinois.gov.

Sincerely,

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

Enclosure

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

SURVEY REQUEST

Illinois Department of **Natural Resources**

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

Adams County
Quincy
SE of 48th St. & Maine St., Section:4-Township:2S-Range:8W
IEPA, IHFSRB, PSBA-M-7-022
New construction, medical office building

PLEASE REFER TO: SHPO LOG #007121817

December 27, 2017

Nathen Leach
Poepping, Stone, Bach & Associates, Inc.
100 South 54th Street, P.O. Box 709, Quincy, IL 62306

Dear Mr. Leach:

The Illinois State Historic Preservation Office 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. We have received information indicating that the referenced project will, under the state law cited above, require comments from our office and our comments follow. Should you have any contrary information, please contact our office at the number below.

According to the information provided to us 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, therefore if your project will use federal loans or grants, need federal agency permits or federal property then your project must be reviewed by us under a slightly different procedure under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

The project area has a high probability of containing significant prehistoric/historic archaeological resources. Accordingly, a Phase I archaeological reconnaissance survey to locate, identify, and record all archaeological resources within the project area will be required, in addition to the survey we will also need clear photographs of all structures in, or adjacent to, the current project area. This decision is based upon our understanding that there has not been any large scale disturbance of the ground surface (excluding agricultural activities) or major construction activity within the project area which would have destroyed existing cultural resources prior to your project. If the area has been disturbed, please contact our office with the appropriate written and/or photographic evidence. The area(s) that need(s) to be surveyed (within the zone that needs to be surveyed) include(s) all area(s) that will be developed as a result of the issuance of the state agency permit(s) or the granting of the state funds or loan guarantees that have prompted this review. Enclosed you will find an attachment briefly describing Phase I surveys and listing archaeological contracting services. A COPY OF OUR LETTER WITH THE SHPO LOG NUMBER SHOULD BE PROVIDED TO THE SELECTED PROFESSIONAL ARCHAEOLOGICAL CONTRACTOR TO ENSURE THAT THE SURVEY RESULTS ARE CONNECTED TO YOUR PROJECT PAPERWORK.

If you have further questions, please contact Joe Phillippe at 217/785-1279 or joe.phillippe@illinois.gov.

Sincerely,

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

Enclosure
c: Betty Kasparie, Blessing Hospital

Attachment 6

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Illinois Department of Natural Resources

Bruce Rauner, Governor

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Wayne A. Rosenthal, Director

PROTECTING ILLINOIS' CULTURAL RESOURCES
An Introduction to Archaeological Surveys

Prepared by
ILLINOIS STATE HISTORIC PRESERVATION OFFICE

When you read the accompanying letter, you were notified that your Federal or State permitted, funded, or licensed project will require an archaeological survey. We also review projects that use public land. The purpose of this survey will be to determine if prehistoric or historic resources are present within the project area. If you are the average applicant you have had little or no experience with such surveys – this short introduction is designed to help you fulfill the Federal/State requirements and complete the process.

WHY PROTECT HISTORIC RESOURCES? Historic preservation legislation grew out of the public concern for the rapid loss of our prehistoric and historic heritage in the wake of increasingly large-scale Federal/State and private development. The legislation is an attempt to protect our heritage while at the same time allowing economic development to go forward.

WHAT IS THE LEGAL BASIS? The basis for all subsequent historic preservation legislation lies within the national Historic Preservation Act of 1966 (NHPA). Section 106 of NHPA requires all Federal Agencies "undertakings" to "take into account" their effect on historic properties. As of January 1, 1990, the State Agency Historic Resources Preservation Act (Public Act 86-707) requires the same for all private or public undertakings involving state agencies. An "undertaking" is defined to cover a wide range of Federal or State permitting, funding, and licensing activities. It is the responsibility of Federal/State Agencies to ensure the protection of historic resources and the State Historic Preservation Office (SHPO) regulates this effort. In Illinois the SHPO is part of the Illinois Historic Preservation Agency (IHPA).

WHAT IS AN ARCHAEOLOGICAL SURVEY? An archaeological survey includes both (1) an examination of the written records, such as county plat books, published and unpublished archaeological reports, state site files, and (2) a field investigation of the project area to determine if prehistoric or historic resources are present. This process of resource identification is called a Phase I survey.

WHAT DOES A PHASE I SURVEY REQUIRE? Archaeological evidence is normally buried beneath the surface of the ground. To determine if an archaeological site is present it is necessary to get below this surface. The most efficient way is by plowing. If the project area is or can be plowed then the artifactual evidence will be brought to the surface and systematic pedestrian surveys (walkovers) will determine if a site is present. These walkovers are best done when the vegetation is low in the fall or spring. If the project area is covered with vegetation then small shovel probes (1' sq.) are excavated on a systematic grid pattern (usually 50' intervals) to sample the subsurface deposits. Where deeply buried sites may be present, such as in floodplains, deep coring or machine trenching may be required.

WHO DOES ARCHAEOLOGICAL SURVEYS? Professional archaeologists who meet the Federal standards set forth in the Secretary of the Interior's Professional Qualifications Standards (48 FR 44738-9) may conduct Federal surveys, while those meeting the State standards set forth in the Archaeological and Paleontological Resources Protection Act (20 ILCS 3435) may conduct surveys on public land in the State (see the other side of this sheet for information on obtaining the services of a contract archaeologist). The applicant is responsible for obtaining and paying for such services.

AFTER THE SURVEY – WHAT NEXT? When the field investigations are completed the archaeologist will submit a report of their findings and recommendations to the applicant. **IT IS THE RESPONSIBILITY OF THE APPLICANT TO FORWARD TWO (2) PAPER COPIES AND ONE (1) CD WITH THE REPORT IN PDF FORMAT TO THE SHPO FOR EVALUATION AND FINDINGS.** If no sites were found or the sites found are not eligible for the National Register the project may proceed. Occasionally, a significant archaeological site may be encountered. In such a case the SHPO and the Federal or State Agency will work with the applicant to protect both the cultural resources and to facilitate the completion of your project.

NEED FURTHER ASSISTANCE? The IHPA is here to assist you and the Federal/State agencies in complying with the mandates of the historic preservation legislation. If you have questions or need assistance with archaeological resources protection or Federal/State compliance, please contact the Archaeology Section, Preservation Services Division, Illinois Historic Preservation Agency, One Old State Capitol Plaza, Springfield, Illinois 62701 (217-782-4836).

OVER

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Illinois Department of **Natural Resources**

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

Illinois Historic Preservation Agency – Archaeology Section
Information for Developers and Agencies about general procedures for Phase 2 archaeology projects

Anyone notified of an archaeological site subject to Phase 2 testing in their project area, has several options:

1. Preserve the site by planning your project to avoid or greenspace the site, a deed covenant maybe necessary depending on the land ownership and the law the project is being reviewed under.
2. Hire an archaeological firm to conduct a Phase 2 project on the site.
3. Choose a different location for the project (generally means starting review process over from scratch, but there will be rare occasions when this is actually the fastest and cheapest option). This is something you may wish to consider if there are burials in the project area, or an extremely large or dense site in the project area.

Phase 2 archaeological projects consist of fieldwork, analysis, and report by the archaeological firm, and then review of the report by the IHPA and sometimes also by the funding or permitting agency, with additional work required part of time depending on the significance of the site(s). However, if a project has no significant sites after a Phase 2 project has been completed and reviewed, then the archaeology is completed as soon as IHPA accepts the report. If a project area has more than 1 site, each one is reviewed independently, in other words, one could be determined not significant and while another one is determined significant or potentially significant.

Phase 2 field work generally consists of obtaining good artifact type and location data from the site surface by methods such as grid collections, piece plotting, etc., this is followed by a small scale excavation. In some cases the fieldwork (commonly called test units) can be done with assistance of machines like backhoes or occasionally even large equipment like belly scrapers (plowed or partially disturbed sites), but sometimes it is necessary to dig by hand (mounds, unplowed sites, or inaccessible locations). The test units are excavated to the base of the plowzone or topsoil, and then the base of the unit is checked for presence of archaeological features (foundations, pits, hearths, burials, middens, etc.) If features are present, a small number (generally not more than 5-10) of them are excavated to provide information about the site's age, function, integrity, etc. Samples of soil from each feature for botanical and zoological analysis are usually taken. Also on floodplains of large rivers, several additional "deep" trenches are usually necessary to check for buried sites. The amount of time required for fieldwork is highly dependent on the size of a site, on whether machines can be used, and on the density of features, as well as the weather.

Analysis at Phase 2 consists of identifying and inventorying all of the artifacts recovered and preparing data recorded in the field for a report. The length of time needed is again highly variable based on the factors listed above. The report describes the field and lab information, provides a preliminary interpretation of the site, and makes recommendations concerning the significance of the site.

The archaeology staff at the State Historic Preservation Office (IHPA in Illinois) and sometimes the archaeologists at the lead funding or permitting agency review the report. Based on the report and their knowledge of regional archaeological, they determine (following criteria outlined in the appropriate law and regulations for each project) if the work done was acceptable, and whether the site(s) are not significant and need no further investigation or are significant. If a site is significant (meets the eligibility criteria for the National Register of Historic Places), the choices are mitigation (generally by complete excavation) or preservation.

ALL PHOTOS AND MAPS CONTAINED IN ALL REPORTS SHOULD BE SUBMITTED IN COLOR WITH 2 HARD COPIES AND ONE PDF VERSION ON A CD.

Joseph S. Phillippe, Chief Archaeologist (1-1-2005)

12/04/17

Attachment 6

ILLINOIS-BASED CONSULTING SERVICES WITH PROFESSIONAL ARCHAEOLOGISTS (by zip code order, 3/22/2010 update) In order to assist agencies, engineering firms, and others who require professional archaeological services the Illinois Historic Preservation Agency (IHPA) has listed below Illinois-based firms with professional archaeologists currently performing contract archaeological compliance work. Based on documentation supplied by them these individuals appear to meet current Federal qualifications. This list is provided for your assistance, however, you may use any archaeologist who meets the minimum qualifications as set forth in Secretary of the Interior's Professional Qualifications Standards (36 CFR 61). Federal and state regulations require a completed graduate degree with an emphasis in archaeology and 16 months of professional archaeological experience (**BOLD names** below). If you have any questions please contact IHPA at 217-785-4512. THE INCLUSION OF INDIVIDUALS OR ORGANIZATIONS ON THIS LIST DOES NOT CONSTITUTE ANY RECOMMENDATION OR ENDORSEMENT OF THEIR PROFESSIONAL EXPERTISE OR PERFORMANCE RECORD BY THE IHPA.

CHICAGO METRO REGION

Dr. Kevin P. McGowan
Public Service Archaeology Prgm
Chicagoland Office (UI-UC)
7428 Bradford Ct.
Gurnee, Illinois 60031
847-287-9045 Fax-217-244-3490
kevin57m@earthlink.net

Dr. Leslie B. Kirchler, RPA
Ecology and Environment, Inc.
33 West Monroe
Chicago, Illinois 60603
312/578-9243 Ext. 4109-Office
312/802-5598-Cell
leslie.kirchler-Owen@ene.com

Dr.. Thomas E. Berres
OurHeritage Archaeological Srvs, Inc.
983 Quail Run
DeKalb, Illinois 60115-6117
815-754-9611 / 758-5692 (fax)
bearus1@aol.com

Jay Martinez, M.A., RPA
Midwest Archaeological
Research Services
P.O. Box 2533
Crystal Lake, Illinois 60039
815-568-0680
jmartinez.mars@gmail.com

Jim Snyder, MA
Civil & Environmental Consultants, Inc.
555 Butterfield Road, Suite 300
Lombard, Illinois 60148
630/963-6026 or 877/963-6026
Fax-630/963-6027
jsnyder@cecinc.com

Dr. Cynthia L. Balek
Archaeology & Geomorphology Services
2220 Mayfair Avenue
Westchester, Illinois 60154
708-531-1445 / 562-7314 (fax)
clb2220@gmail.com

CHICAGO METRO REGION
CON'T

Ms. Lynn M. Gierek
ENSR International
27755 Diehl Road
Warrenville, Illinois 60555-3998
630-839-5332 / 836-1711 (fax)
lgierek@ensr.com

Mr. Douglas Kullen
Burns & McDonnell
1431 Opus Place, Suite 400
Downers Grove, Illinois 60515
630/515-4626, Cell-630/408-2385
dkullen@burnsmcd.com

Ben Banks, Archaeologist
Jill M. Kotwasinski
Atwell, LLC
1245 East Diehl Road, Suite 100
Naperville, Illinois 60563
866/850-4200
bbanks@atwell-group.com
jkotwasinski@atwell-group.com

Judy Cooper
Williams Whitehead
SWCA Environmental Consultants
4320 Winfield Road, Suite 200
Warrenville, Illinois 60555
630/836-8717, Judy 630/836-8722
jcooper@swca.com
wwhitehead@swca.com

Mr. Phil Millhouse
Red Gates Archaeology
410 Wight Street
Galena, Illinois 61036
608/205-2753 / Cell – 608/718-9324
philipgmillhouse@gmail.com

Veronica Parsell, MA
Cardno JFNew
6605 Steger Road, Unit A
Monee, Illinois 60449
708/534-3450, cell-574/229-8747
Veronica.parsell@cardno.com

CENTRAL REGION

Ms. Karen A. Atwell
Farmland Archaeological Services
10475 N 2300 Avenue
Geneseo, Illinois 61254
309-507-1330
Karen@karenatwell.com

Mr. Keith L. Barr
Archaeological & Architectural Surveys
Old Inn Farm
Rural Route 1
Fairview, Illinois 61432
309-778-2536

Mr. Lawrence A. Conrad
Western Illinois Archaeology Research
Center, 1104 West Piper Street
Macomb, Illinois 61455
309-333-6783 or 836-3811
La-conrad@wiu.edu

Dr. Charles L. Rohrbaugh
Archaeological Consultants
302 Kelly Drive
Normal, Illinois 61761
309-454-6590

Dr. Gregory Walz
University of Illinois
Anthropology Department
Public Service Archaeology Program
1707 South Orchard Street
607 South Matthews Avenue
Urbana, Illinois 61801
217-333-1636 Fax-217-244-3490
gwalz@nelonecom.net

Mr. Dale McElrath
University of Illinois Champaign-Urbana
UIUC-ITARP Statewide Office
23 East Stadium Drive
209 Nuclear Physics Lab (MC 571)
Champaign, Illinois 61820
217-333-0667 / 244-7458 (fax)
More Central Listings – Over

CENTRAL REGION CON'T

Mr. Mark C. Branstner
Great Lakes Research, Inc.
Post Office Box 2341
Champaign, Illinois 61825-2341
517-927-4556
mark.branstner@branstner.com

Dr. Fred A. Finney
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(Kampsville Archeological Center)
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Mr. David J. Nolan
ISAS Western Illinois Survey Division
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217-243-9491 / 7991 (fax)
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Spfld Lab, 217-522-4295/4395 (fax)
djnolan@illinois.edu

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1011 East Ash Street
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Joyce McKay
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METRO EAST REGION

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Coordinator, American Bottom Field Sta
Illinois State Archaeological Survey
Institute Natural Resource Sustainability
University of IL at Urbana-Champaign
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Archaeological Research Center of
St. Louis, Inc.
140 North Main Street
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314-426-2577 / 2599 (fax)
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SOUTHERN REGION

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American Resources Group, Ltd.
127 North Washington Street
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618-529-2741 / 457-5070 (fax)
steve@argltd.com;
archeology@argltd.com

Dr. Mark Wagner
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Center for Archaeological Investigations
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1515 Oak St.
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Michele Lorenzini
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lorenzini@moundcity.net

Mr. Charles O. Witty
Looking Glass Prairie Archaeological
Reconnaissance (LGPAR)
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Charles.witty@sbcglobal.net

Jessica Allgood
405 Palestine Road
Stonefort, Illinois 62987
859/707-6384
jessicaraycox@gmail.com

Nathen Leach

From: Nathen Leach
Sent: Wednesday, January 3, 2018 8:28 AM
To: Blankenship, Tina
Cc: Nathen Leach
Subject: RE: Blessing Ortho IHPA LOG #007121817

Thank you!!

Respectfully,

Nathen E. Leach, P.E.
Project Engineer

100 South 54th Street | Quincy, Illinois 62305
Office: (217)-223-4605 | Fax: (217) 223-1546
www.psba.com

PSBA

From: Blankenship, Tina [mailto:Tina.Blankenship@Illinois.gov]
Sent: Wednesday, January 3, 2018 7:22 AM
To: Nathen Leach <natel@psba.com>
Subject: RE: Blessing Ortho IHPA LOG #007121817

This information will help I am sure.

No time frame on replacing Joe, however as soon as someone is in here I will give them this project.

Thanks

Tina Blankenship, Archaeology Division

PLEASE NOTE OUR NEW ADDRESS:
Ilinois State Historic Preservation Office
Illinois Dept of Natural Resources
Attn: Review & Compliance/Old State Capital
One Natural Resources Way

Springfield, Illinois 62702

Main Line: 217/782-4836

From: Nathen Leach [mailto:natel@psba.com]
Sent: Tuesday, January 02, 2018 3:48 PM
To: Blankenship, Tina <Tina.Blankenship@Illinois.gov>
Cc: Nathen Leach <natel@psba.com>
Subject: [External] Blessing Ortho IHPA LOG #007121817

Tina,

Per our conversation on the phone I have attached a letter and some supporting documentation. I have found two other clearances that were done on or adjoining this property. One clearance was done by Larry Conrad on the 1 acre homestead (demolished in approximately 2001). The other Clearance was done by Illinois DOT for the remaining portion of Maine Street. As we discussed two other clearances we approved last year for the Cedarhurst development adjoining this property and homestead (demolished in approximately 8/2017) to the south. If you have any further questions please feel free to contact me.

I know you currently do not have anybody to replace Joe. How long would you approximate the clearance for this property. The developer is planning to move dirt in the spring.

Thanks again for your time with this matter!

Respectfully,

Nathen E. Leach, P.E.
Project Engineer

100 South 54th Street | Quincy, Illinois 62305
Office: (217)-223-4605 | Fax: (217) 223-1546
www.psba.com

PSBA

PSBA
Poepping, Stone, Bach & Associates, Inc.
Engineers, Architects, Surveyors, GIS
www.psba.com

January 2, 2018

Rachel Leibowitz, Ph.D.
Deputy State Historic Preservation Officer
Preservation Services Division
Illinois Historic Preservation Agency
1 Old State Capitol Plaza
Springfield, IL 62701-1507

RE: Blessing L
48th & Maine Street, Quincy, IL.
PSBA Project No. M-17-022
SHPO LOG #007121817

Please find below information about the subject project for your review conceming possible project effects on cultural resources:

Previous Clearances:

I have attached some additional clearances that ran through the subject property. The attached clearances were done under IHPA LOG #971024001P-A. It appears that a phase 1 archeological review was performed by Lawrence Conrad on and around the original homestead. A cultural clearance was also applied for through Illinois DOT, a clearance letter was received in September 2001. The clearance letter states "No Survey or Other Coordination Needed" due to a previous survey and signed of on 8/29/2001.

I also contacted and talked with Tina Blankenship conceming the adjoining property to the south of the subject property. This property has had two different clearances within the last year. The adjoining property clearance is for Cedarhurst of Quincy and was cleared under IHPA LOG #005091117.

Previous Structures:

The subject property had a homestead and some outbuilding on it until around 2001. They were demolished when the Maine Street extension was constructed. The adjoining property also had a homestead on it until around 8/2017. The house and approximately 10 acres were disturbed to make way for the new development.

If you have any questions or require additional information, please contact me at 217-223-4605.

Sincerely,

POEPPING, STONE, BACH &
ASSOCIATES, INC.

Nathen E. Leach, P.E.

NEL

Enclosure

Attachment 6

Illinois Department of Transportation

Memorandum

To:	Victor A. Modeer Attn: Roy Baranzelli
From:	Darrell W. McMurray
Subject:	Environmental Survey Clearances
Date:	September 4, 2001

RECEIVED

SEP - 7 2001

ADAMS COUNTY HIGHWAY DEPT.

MFT Program
Adams County
City of Quincy
Section 00-00280-00-PV
Maine Street

Attached are the following signed environmental clearances:

- [x] Cultural
- [ ] SHPO concurrence
- [ ] Biological
- [ ] Wetlands

Comments:

Engineer of Local Roads and Streets

Larry Houser

By: Larry D. Houser, P.E.
Local Project Implementation Engineer

SEP 5 - 2001

Attachment 6

Attention: Central Office BD&E
Environment Section
Room 330

Environmental Survey Request

A. Project Information ☐ Bio ☑ Cultural ☐ Wetlands ☐ Special Waste

Submittal Date: 8/16/2000 Sequence No: 9166 Requesting Agency: Local

Contract #: Job No.:

District: 6 Counties: Adams

Route: Marked:

Street: Maine Street Section: 00-00280-00-PV

Municipality(ies) City of Quincy Project Length: 0.805 km 0.5 miles

FromTo (At): S. 48th Street to S. 54th Street

Quadrangle: Township-Range-Section:

Anticipated Design Approval: 10/31/2000

B. Reason for Submittal: (Check all that apply)

☑ Acquisition of additional ROW or easement 2.832795 ha/ 7 acres

☐ In-Stream Work Stream Name:

☐ Other:

C. Project Description: Extend Maine Street from 48th St. to 54th St. including new intersections. The proposed roadway will be 44 feet wide concrete pavement with curb and gutter.

Proposed Work: ☑ Highway ☐ Bridge ☐ Bike Trail ☐ Other

D. Tree Removal?: Yes Number?: 0 0.4047 ha/ 1 acres

Historic District Involved? No Historic Buildings Involved? No

Section 4(f) Lands Involved? No Section 6(f) Lands Involved? No

E. Funding: ☐ Federal ☐ State ☐ TBP ☑ MFT ☑ Local Non-MFT

Anticipated Processing: CE

F. Contact Person: Roy E. Baranzelli Local Contact Person: Charlie Jones

Telephone #: (217) 782-4590 ext. Telephone #: (217) 228-4527 ext.

E-Mail: E-Mail:

☐ Field Sign Off (Bio & Cultural Only)

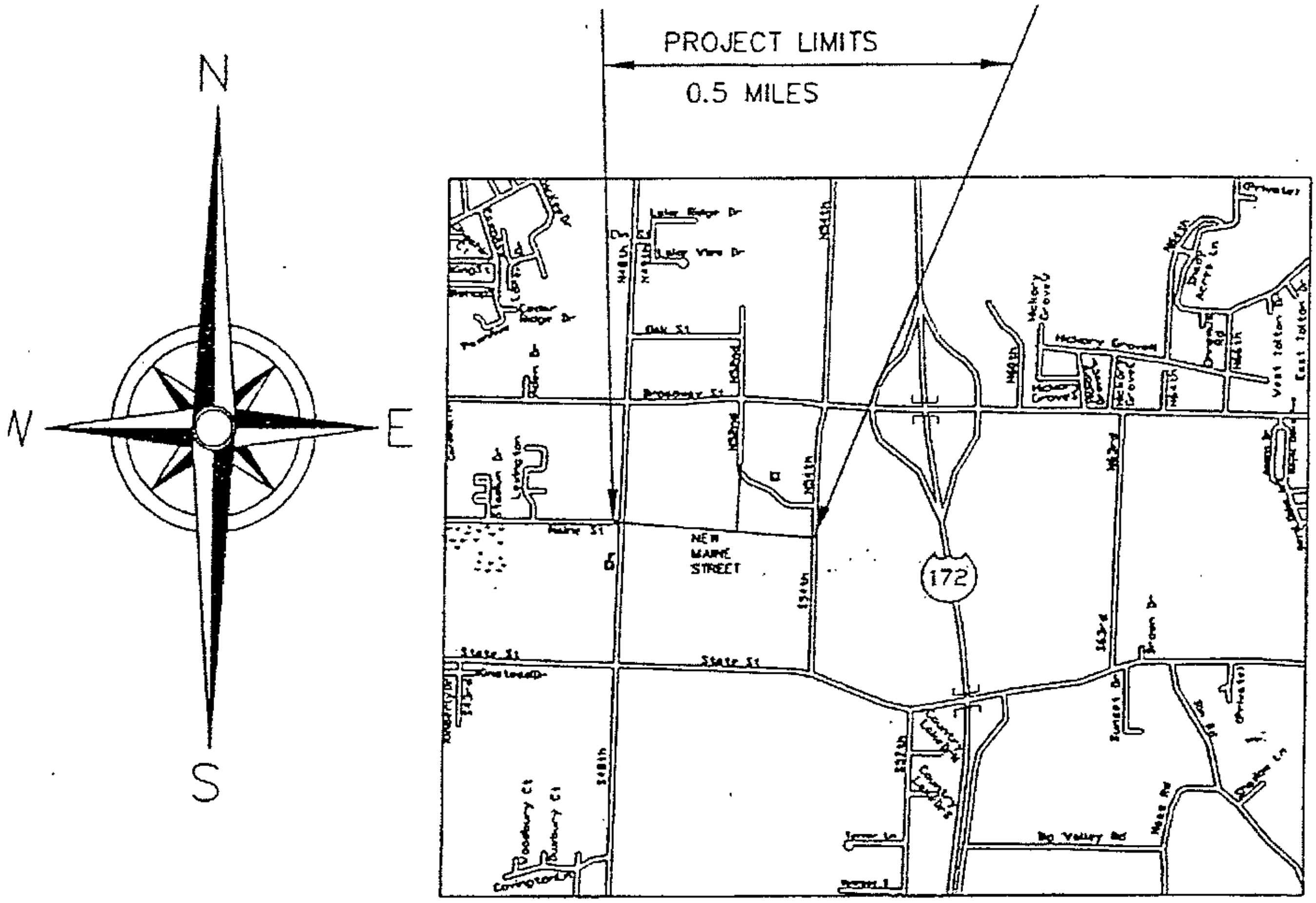
CULTURAL RESOURCES:
NO SURVEY OR COORDINATION REQUIRED
8-29-01
SIGNED

Previously surveyed

17 2000

Attachment 6

LOCATION MAP
MAINE STREET EXTENSION
QUINCY, ILLINOIS



PSBA
POEPPING, STONE, BACH & ASSOCIATES, INC.
ARCHITECTS - ENGINEERS - PLANNERS - SURVEYORS
3523 MAIN ST. - KEOKUK, IOWA 52632 - 319/524-8730
100 SO. 54th ST. - QUINCY, IL 62306 - 217/223-4605

Nathen Leach

From:	Nathen Leach
Sent:	Monday, February 5, 2018 8:20 AM
To:	Blankenship, Tina
Cc:	Nathen Leach
Subject:	RE: Got your phone message

Tina,

Thank you for the update!!

Respectfully,

Nathen E. Leach, P.E.
Project Engineer

100 South 54th Street | Quincy, Illinois 62305
Office: (217)-223-4605 | Fax: (217) 223-1546
www.psba.com

PSBA

From: Blankenship, Tina [mailto:Tina.Blankenship@Illinois.gov]
Sent: Monday, February 5, 2018 8:08 AM
To: Nathen Leach <natel@psba.com>
Subject: Got your phone message

Good morning

Unfortunately we are still without an archaeologist, however I believe it is getting close. I think we are suppose to have a temp in here this week and then the interviews are suppose to also start this week for the full time replacement. You project is at the top of the pile, so as soon as I get someone in here I will get your project reviewed.

Thanks

Tina Blankenship, Archaeology Division

PLEASE NOTE OUR NEW ADDRESS:
Illinois Dept of Natural Resources

State Historic Preservation Office
Attn: Review & Compliance/Old State Capitol
One Natural Resources Way
Springfield, Illinois 62702

Main Line: 217/782-4836

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	142,062	16,581	158,643
Site Survey and Soil Investigation	14,169	10,031	24,200
Site Preparation	2,141,425	1,516,142	3,657,568
Off Site Work	18,934	13,406	32,340
New Construction Contracts	15,326,090	7,708,103	22,434,193
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees	45,404	233,646	279,050
Movable or Other Equipment (not in construction contracts)	3,892,315	4,317,262	8,209,578
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)	1,173,621	714,637	1,888,258
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)		1,229,538	1,229,538
TOTAL USES OF FUNDS	24,646,048	16,236,913	1,229,538
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	24,646,048	16,236,913	40,882,962
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	24,646,048	16,236,913	40,882,962
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Attachment 7

COST SPACE REQUIREMENTS

	Cost	GSF		Amount of Proposed total GSF that is:			
Dept/Area		Exist	Prop.	New Cust.	Mod	As Is	Vacated
REVIEWABLE							
CT SCAN	$945,642		467 SF	467 SF			
GENERAL RADIOLOGY 1	$703,998		579 SF	579 SF			
GENERAL RADIOLOGY 2	$804,287		718 SF	718 SF			
MRI	$2,289,604		898 SF	898 SF			
ULTRASOUND 1	$264,425		119 SF	119 SF			
ULTRASOUND 2	$264,425		119 SF	119 SF			
NONREVIEWABLE							
Laboratory	$3,370,310		2782 SF	2783 SF			
Physical Therapy	$3,025,524		6883 SF	6883 SF			
Physician Offices	$16,115,987		33685 SF	33684 SF			
NON CLINICAL	$9,694,604		25366 SF	25366 SF			
Waiting	$3,404,157		8907 SF	8907 SF			
TOTAL PROJECT	$40,882,963		80524 SF	80524 SF			

BACKGROUND 1110.230

Attached is a copy of the license of Blessing Hospital. Blessing Hospital does not own any other hospitals.

No adverse action, as defined by Illinois Health Facilities and Services Review Board rules, has been taken against Blessing over the past 3 years.

HFSRB and IDPH are authorized to access documents necessary to verify information submitted, including official licensing or certification records of Illinois or other states or records of certification agencies.

Maureen Kahn

Maureen Kahn
President/CEO
Blessing Hospital

Subscribed and sworn to before me this

21 Day of February, 2018.

Sandra E. McElhoe

Notary Public

"OFFICIAL SEAL"
SANDRA E. MCELHOE
Notary Public, State of Illinois
My Commission Expires 02/26/21

Attachment 11

HF114541

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.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0000141

General Hospital

Effective: 01/01/2018

Blessing Hospital at 11th Street
Broadway at 11th Street
Quincy, IL 62301

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Attachment 11
64

Exp. Date 12/31/2018

Lic Number 0000141

Date Printed 11/21/2017

Blessing Hospital at 11th Street

Broadway at 11th Street
Quincy, IL 62301

FEE RECEIPT NO.

Purpose 1110.230

1. Blessing Hospital engaged a third party firm to do a medical staff development plan. The plan calls for the continued need to address shortages in the area. The plan calls for additional recruitment of physicians inclusive of primary care and specialist. The current medical office buildings are out of space. The need for a new building to house physicians is the reason for this project.

2. For over a 140 years, Blessing Hospital has served the health care needs of the people of West Central Illinois, Northeast Missouri and Southeast Iowa. Approximately 174,724 people live within 50 miles of Blessing Hospital. Blessing is the largest hospital for 100 miles.

   The hospital's primary market area covers six counties – four in West Central Illinois (Adams, Brown, Pike, and Hancock) and two in Northeast Missouri (Marion and Lewis.)

3. The existing need is for additional medical office building space. Last year Blessing recruited 28 new physicians and a plan to recruit that many more in 2018-19. ECG completed a physician master plan for the community which identified the need for primary as well as specialty care. Blessing continues to successfully recruit new physicians and needs the space as the current medical office building is at capacity.

4. The sources are:
   A. U.S. Census Bureau Statistics
   B. ECG Management Consultants- Master Plan Physician need.

5. The project will enhance patient care by making access to more primary care and specialist available in the community

6. A goal is to provide for additional access for patients as well as space to allow for physician recruitment. The timeframe for achieving the goal is 12/31/2020 as the completion of the project

Alternatives

1. Lease existing space
   There are no vacant medical office buildings or building of appropriateness to lease in the community.

2. Expand at the current site
   The site is land locked and will not accommodate additional growth.

3. Build new space in a new location
   This was the alternative selected as the new location allows for the efficient design and appropriate parking as well as easier access for patients away from the hospital campus.

4. A joint venture would not be appropriate for this project and was not an alternative

5. Utilizing other providers is not an alternative as the other physician clinic in town is almost at capacity with space as well.

SIZE OF PROJECT

DEPARTMENT / SERVICE	PROPOSED BGSF / DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD
CLINICAL				
LABORATORY	2782 SF	NONE	NO STANDARD	N / A
PHYSICAL THERAPY	6883 SF	NONE	NO STANDARD	N / A
PHYSICIANS OFFICES	33685 SF	NONE	NO STANDARD	N / A
RADIOLOGY				
CT SCAN	467 SF	1800 DGSF / UNIT	-1333	YES
GENERAL RADIOLOGY 1	579 SF	1300 DGSF / UNIT	-721	YES
GENERAL RADIOLOGY 2	718 SF	1300 DGSF / UNIT	-582	YES
MRI	898 SF	1800 DGSF / UNIT	-902	YES
ULTRASOUND 1	119 SF	900 DGSF / UNIT	-781	YES
ULTRASOUND 2	119 SF	900 DGSF / UNIT	-781	YES
CLINICAL	46250 SF			
NON CLINICAL				
NON CLINICAL	25366 SF	NONE	NO STANDARD	N / A
Waiting	8907 SF	NONE	NO STANDARD	N / A
NON CLINICAL	34274 SF			
Building Gross Square Footage	80524 SF			

Project Services Utilization

Department	Historical	Projected Utilization	State Standard	Met Standards
General Diagnostic	33,873	11,871	8,000*	Met
CT	12,851	3,515	7,000	Met
MRI	3,484	2,384	2,500	Met
Ultra Sound	7,228	3,633	3,100*	Met

*2 Units

The projected volume represents a combination of shift from the current location, market share increase and growth.

1120.120 Availability of Funds

1120.130 Financial Viability

1120.140 Economic Feasibility

Blessing holds an A- or better from Standards and Poor.

S&P Global
Ratings

RatingsDirect®

Quincy, Illinois
Blessing Hospital; Hospital

Primary Credit Analyst:
Ashley Henry, Centennial (1) 303-721-4563; Ashley.Henry@spglobal.com

Secondary Contact:
Suzie R Desai, Chicago (1) 312-233-7046; suzie.desai@spglobal.com

Table Of Contents

Quincy, Illinois
Blessing Hospital; Hospital

Credit Profile		
Quincy, Illinois		
Blessing Hosp, Illinois		
ser 2007		
Long Term Rating	A/Stable	Affirmed

Rationale

S&P Global Ratings affirmed its 'A' long-term rating on Quincy, Ill.'s series 2007 revenue refunding bonds, issued for Blessing Hospital (Blessing). The outlook is stable.

The 'A' rating reflects our view of Blessing's leading business position in the region, healthy unrestricted reserves, and solid operating performance supported in recent years by growing inpatient utilization trends as well as robust coverage. More specifically, we assessed Blessing's enterprise profile as strong, characterized by a solid market position in a limited service area, good medical staff, and favorable payer mix, with Blessing management reporting a stable relationship with QMG following the UnityPoint investment in 2012. We see the competitor investment as less of a risk after Blessing signed an affiliation with Hannibal Clinic, another regional provider in early 2017. We also assessed its financial profile as strong, reflected by healthy operations and good financial flexibility offset by a modest debt and high contingent liabilities. Although no specific debt issuance is expected, Blessing has room at the rating for nominal additional debt. We will continue to monitor affiliation relationships, but expect ongoing stable performance and maintenance of balance sheet metrics. Combined, these credit factors lead to an indicative rating of 'a' and a final rating of 'A'.

The 'A' rating further reflects our view of Blessing's:

- Good operating margin of 6.4% in fiscal 2016 as a result of improving volumes and a focus on expenses, contributing to solid maximum annual debt service (MADS) coverage of 4.7x, with similar results through the first unaudited 11 months of fiscal 2017;
- Good unrestricted reserves equaling 229 days' cash on hand at Aug. 31, 2017; and
- Leading and stable business position of 60% in the region.

Partly offsetting the above strengths, in our view, are Blessing's:

- Location in a more limited rural service area but with a broader population of 166,000 and a fairly stable economy; and
- Moderately aggressive debt structure, with approximately 70% of debt categorized as contingent liabilities, although overall debt levels are in line with rating medians.

Our analysis incorporates the entire Blessing Corporate Services (BCS) organization, which consists of Blessing, a not-for-profit, 302-staffed-bed acute care hospital; an employed physician group with about 80 employed physicians; The Blessing Foundation Inc., which engages primarily in fundraising to benefit the not-for-profit subsidiaries of BCS; Denman Services Inc., which sells and rents medical equipment and operates a commercial laundry service for hospitals; and Blessing Care Corp. (doing business as Illini Community Hospital), a rural 25-bed critical access hospital.

The figures cited in this report refer to the system as a whole. The rating is based on our view of BCS' group credit profile (GCP) and the obligated group's (Blessing) core status. Accordingly, the long-term rating is at the level of the GCP and this analysis is based on the consolidated system. Gross revenue of Blessing Hospital secures the bonds. Of the system, Blessing represented about 82% of total assets and 84% of total revenue.

Outlook

The stable outlook reflects our expectation of Blessing's continued solid operations, leading business position, and MADS coverage of close to 5x for the past few years. Management continues to invest in its facility, physicians, and secondary market as well as health care reform initiatives.

Downside scenario

We could consider a negative rating action in the event that unrestricted reserves decline such that cash-to-debt and cash-on-hand metrics are no longer appropriate for the rating. We could also consider a negative outlook or rating action if operations decline such that coverage falls to consistently less than 4x. Finally, although we are unlikely to do so, we would consider a negative rating action if Blessing's market position declines or if market share decreases significantly.

Upside scenario

We believe that the 'A' rating is suitable for the hospital and thus that a higher rating is unlikely within the two-year outlook period. However, we could consider raising the rating over time if Blessing is able to significantly improve its business position and increase its market share.

Enterprise Profile

Industry risk

Industry risk addresses our view of the health care sector's overall cyclicality, competitive risk, and growth through application of various stress scenarios and evaluating barriers to entry; the level and trend of industry profit margins; risk from secular change and substitution of products, services, and technologies; and risk in growth trends. We believe the health care services industry represents an intermediate credit risk compared with other industries and sectors.

Economic fundamentals

Blessing Hospital is in Quincy, the main retail and industrial city in Adams County and for the wider area. The service area is on the western edge of Illinois, south of the Iowa border and just north of the St. Louis area. Overall population in the primary service area (PSA) is stable with 166,000 people and some employment growth is projected, although less than for the U.S. as a whole. In addition, per capita income is just above the national average. The region has many employers and does not depend on any particular one. The area's economy is based largely on manufacturing and services, with major employers including the hospital (2,000 employees); Knapheide Manufacturing, a distributor of motor truck bodies and hoists (1,000); and the corporate headquarters for Titan International, a maker of steel wheel assemblies and tires for heavy equipment (900). As the seat of Adams County and the largest community in the area, Quincy is the retail and service hub for a 60-mile radius, with an unemployment rate that is less than that of the state. The population is slightly older and the overall payer mix includes a slightly high governmental payer exposure, with about 33% of net revenue from Medicare and 14% from Medicaid.

Market

Blessing (together with Illini Community Hospital) holds the leading business position in its PSA, with a 59.8% market share, and Hannibal Regional Hospital in Missouri is next with 15.4%. Quincy and Adams County's regional population of 67,000 compared with the PSA population of 166,000 reflects Blessing's broad regional draw as a regional provider in a largely rural area. Tertiary and quaternary patients that Blessing cannot accommodate usually go either to St. Louis or to Columbia. To better serve its community, Blessing continues to expand services, with much recent focus on behavioral health and local retail operations. By working with a children's treatment program and another not-for-profit mental health care agency, Blessing has expanded outpatient behavioral health services.

Blessing employs about 80 physicians, and the largest independent physician group in the service area is QMG with over 100 physician members (70 active medical staff), accounting for around 50% of Blessing's revenue. (Overall revenue percentages for QMG have declined as BHS-employed physicians have increased.) Although UnityPoint Health (formerly Iowa Health System) purchased a minority interest in QMG, management reports no significant changes to how QMG directs and manages its patients in the service area. Management reports that the relationship with QMG is stable and sound. As mentioned above, Blessing signed a non-ownership affiliation with Hannibal Clinic in February 2017. While the group is the primary physician base for Hannibal Regional Hospital, Blessing and Hannibal plan to work together to fill service gaps in some specialties and provide on-call coverage.

The greater service area and industry have experienced a declining inpatient admission trend during the past few years, but Blessing has seen some growth over the past few years as a result of physician recruitment and replacement as well as a focus on key service lines and partnerships with providers in the region. Acute care admissions increased almost 8%, to 12,374 in 2016. Through the first 11 months of fiscal 2017, inpatient admissions are 11,963 and are on pace to increase over the 2016 result. Management is projecting fairly flat inpatient admissions hereafter with modest growth in outpatient volumes given the industry trends.

Management and governance

Blessing's management team has been stable and is implementing strategies to maintain its organizational strength. Management continues to review and analyze the large competitive landscape as well as how health care reform and reimbursement trends might affect the organization. To that end, it has focused on expense controls and on investing in its physician base, and has historically focused on care coordination strategies that continue to evolve. Blessing joined the BJC Collaborative to help the organization prepare for some of the changes related to health care reform. Blessing is working with the BJC Collaborative to establish Collaborative Care Management Resources, which will help members explore risk-based contracting and value-based reimbursement models. In furthering community relationships and managing cost of care, Blessing formed Current Health Solutions, which helps manage health plan costs for employers by managing total cost of care of covered lives. The organization has four clients, and will add five more at the beginning of 2018. Management has also effectively strengthened its balance sheet during the past few years to maintain some flexibility for challenges that may arise from reimbursement and from the shifts in the broader industry.

Table 1

Blessing Corporate Services Inc. and Affiliates Utilization	--11-month interim ended Aug. 31--	--Fiscal year ended Sept. 30--		
	2017	2016	2015	2014
PSA population	N.A.	166,000	166,000	166,000
PSA market share %	N.A.	59.8	58.1	57.4
Inpatient admissions*	11,963	12,374	11,481	11,203
Equivalent inpatient admissions	31,072	31,521	29,860	30,262
Emergency visits	39,459	45,731	41,339	41,339
Inpatient surgeries	2,558	2,657	2,518	2,520
Outpatient surgeries	13,797	13,825	13,291	12,353
Medicare case mix index	1.6100	1.5400	1.5400	1.4800
FTE employees	2,064	1,860	1,878	2,019
Active physicians	182	193	212	214
Top 10 physicians admissions %				
Medicare %¶	32.0	33.3	33.2	34.8
Medicaid %¶	15.1	13.8	9.7	6.7
Commercial/blues %¶	49.9	51.2	54.6	54.5

*Excludes newborns, psychiatric, and rehabilitation admissions. ¶Based on net revenue. FTE--Full-time equivalent. N.A.--Not available. PSA--Primary service area.

Financial Profile

Financial policies

Our neutral assessment reflects our opinion that financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure are appropriate for an organization of its type and size and are not likely to impair the organization's ability to pay debt service.

Financial performance

Operating performance remained strong in fiscal 2016, primarily because of ongoing successful expense management and increased volumes, as described above. Net patient revenue grew to $379 million in 2016, from $364 million in 2015. Excluding investment income, joint venture income, and unrestricted contributions, Blessing generated a healthy $26.3 million in operating income (6.4% margin) in 2016 compared with $17.5 million (4.4% margin) in 2015. Through the first unaudited 11 months of fiscal 2017 ended Aug. 31, operating income was a strong $33.3 million (8.2% margin) and tracking slightly ahead of budget as a result of growth in revenue and volumes.

With the continued solid operations but somewhat weaker investment returns, Blessing's excess income totaled $29.5 million (7.1% margin) in 2016 compared with $23.4 million (5.8% margin) in 2015. In conjunction with a modest debt burden of 2.5%, MADS coverage was a robust 4.7 in 2016 and 6.3x through interim 2017. We anticipate that MADS coverage will improve as debt service decreases during the next several years.

Liquidity and financial flexibility

Liquidity and financial flexibility remain sound for the organization, following some spending of unrestricted reserves in the second half of fiscal 2015 for the completion of the patient tower. Unrestricted reserves have grown through the first 11 months of fiscal 2017 to $242.6 million, surpassing the previous record of $222.2 million in 2014. Cash on hand was 228.7 days' as of Aug. 31, 2017, improved from the 214.8 days ($216.9 million) at fiscal year-end2016.

Blessing Foundation Inc., a sole purpose foundation dedicated to supporting the not-for-profit subsidiaries of BCS, holds about $22 million of the total unrestricted reserves, which is included in the above unrestricted cash calculations. Unrestricted reserves to long-term debt was very good at 214.8% at Sept. 30, 2016, and has improved to 228.7% in fiscal 2017 to date with some rebound in unrestricted reserves.

Following the completion of Blessing's master facility plan identified in 2011, Blessing budgets about $35 million in capital spending over the next five years. Capital plans include some smaller provider facilities, main building renovations, and routine improvements.

Debt and contingent liability profile

Overall leverage and debt-related metrics are modest and well within rating medians. Leverage (debt to capitalization) was strong at 22% at Aug. 31, 2017, showing slight improvement from 25% in 2016. Total debt outstanding was about $98.5 million, of which approximately a third was fixed rate and two-thirds variable rate. However, over 70% of Blessing's total debt outstanding is considered contingent and although unrestricted reserves are enough to cover the contingent liabilities, we view the contingent liabilities as moderate given the balance sheet characteristics. Blessing has no puttable debt. As of January 2017, Blessing froze its pension plan to new benefit accruals. The plan was previously frozen to new entrants in 2010, but the benefit freeze will save Blessing approximately $11.8 million in net periodic pension costs. Management expects to contribute $858,000 in 2018, with an overall goal of contributing $4.5 million to reach a funded status of 85%.

The series 2012A and 2012B bonds are Blessing's largest contingent debt. The two series amortize over 22 and 18 years, respectively, but the current terms are for seven years, with JPMorgan Chase Bank representing some medium-term renewal or refunding risk. And although risk is somewhat heightened for immediate acceleration around certain covenants (both financial and nonfinancial), most of the financial covenants are measured on particular dates, which would allow Blessing some time to plan for a way to fund the payment of debt if a covenant violation becomes likely.

Table 2

Blessing Corporate Services Inc. and Affiliates Financial Summary

	--11-month interim ended Aug. 31--	--Fiscal year ended Sept. 30--		
	2017	2016	2015	2014
Financial performance				
Net patient revenue ($000s)	380,139	378,530	364,333	328,077
Total operating revenue ($000s)	408,491	411,020	396,579	357,154
Total operating expenses ($000s)	375,216	384,663	379,075	341,777

Table 2

Blessing Corporate Services Inc. and Affiliates Financial Summary (cont.)	--11-month interim ended Aug. 31--	--Fiscal year ended Sept. 30--		
	2017	2016	2015	2014
Operating income ($000s)	33,275	26,357	17,504	15,377
Operating margin (%)	8.15	6.41	4.41	4.31
Net nonoperating income ($000s)	4,161	3,095	5,924	11,454
Excess income ($000s)	37,436	29,452	23,428	26,831
Excess margin (%)	9.07	7.11	5.82	7.28
Operating EBIDA margin (%)	13.76	11.07	10.27	10.04
EBIDA margin (%)	14.63	11.73	11.59	12.83
Net available for debt service ($000s)	60,365	48,587	46,653	47,298
Maximum annual debt service (MADS; $000s)	10,352	10,352	10,352	10,352
MADS coverage (x)	6.36	4.69	4.51	4.57
Operating-lease-adjusted coverage (x)	4.91	3.38	3.42	3.47
Liquidity and financial flexibility				
Unrestricted reserves ($000s)	242,614	216,852	205,245	222,193
Unrestricted days' cash on hand	228.7	214.8	209.0	250.2
Unrestricted reserves/total long-term debt (%)	246.4	213.2	195.9	206.1
Unrestricted reserves/contingent liabilities (%)	351.4	333.6	285.6	324.4
Average age of plant (years)	10.4	13.1	12.7	13.8
Capital expenditures/depreciation and amortization (%)	112.5	194.3	253.2	266.4
Debt and liabilities				
Total long-term debt ($000s)	98,475	101,711	104,764	107,797
Long-term debt/capitalization (%)	21.9	25.3	29.2	29.3
Contingent liabilities ($000s)	69,043	70,644	71,870	68,503
Contingent liabilities/total long-term debt (%)	70.1	69.5	68.6	63.5
Debt burden (%)	2.30	2.50	2.57	2.81
Defined benefit plan funded status (%)	N.A.	64.82	58.09	72.80

N.A.--Not available.

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Clinical Services Areas

Service	Existing	Proposed
Cat Scan	0	1
General	0	2
MRI	0	1
Ultrasound	0	2

BLESSING HOSPITAL

Improving Your Life

2016 Community Benefit 10/01/15 - 09/30/16

$73,411,189

CHARITY CARE $6,899,766

Uncompensated healthcare to patients who stated ***before receiving care*** that they had no ability to pay.

BAD DEBT $2,020,518

Uncompensated healthcare to patients who stated ***after receiving care*** that they had no ability to pay.

MEDICARE/MEDICAID FUNDING SHORTFALLS $51,425,258

The difference between what Medicare and Medicaid paid for patients covered by the programs and what it cost Blessing Hospital to provide their care.

Medicare Shortfalls	$40,684,952
Medicaid Shortfalls	$10,740,306

HEALTH PROFESSIONALS EDUCATION: $7,880,096

SIU Residency Program	$4,285,925
Blessing-Rieman College of Nursing	$2,195,363
Preceptors	$1,027,933
Radiology School	$305,763
Lab School	$65,112

SUBSIDIZED HEALTH SERVICES: $4,534,229

Blessing Home Care	$2,192,973
Care Coordination	$1,580,780
Blessing Hospice & Palliative Care	$468,963
Blessing FastCare	$293,513

COMMUNITY HEALTH IMPROVEMENT SERVICES: $353,809

SIU Patient Centered Medical Home	$139,140
Charity Pharmacy Prescriptions	$51,920
Patient Transportation & lodging	$38,363
Adams County Health Department Dental Program	$35,000
Medical supplies/Services for patients	$31,678
Educational Programs	$26,603
Support Groups	$19,267
Health Screenings/Tests	$7,868
Medical Interpreting Services	$3,970

COMMUNITY BENEFIT OPERATIONS: Community Health Needs Assessment $47,667

IN-KIND CONTRIBUTIONS/DONATIONS: $247,846

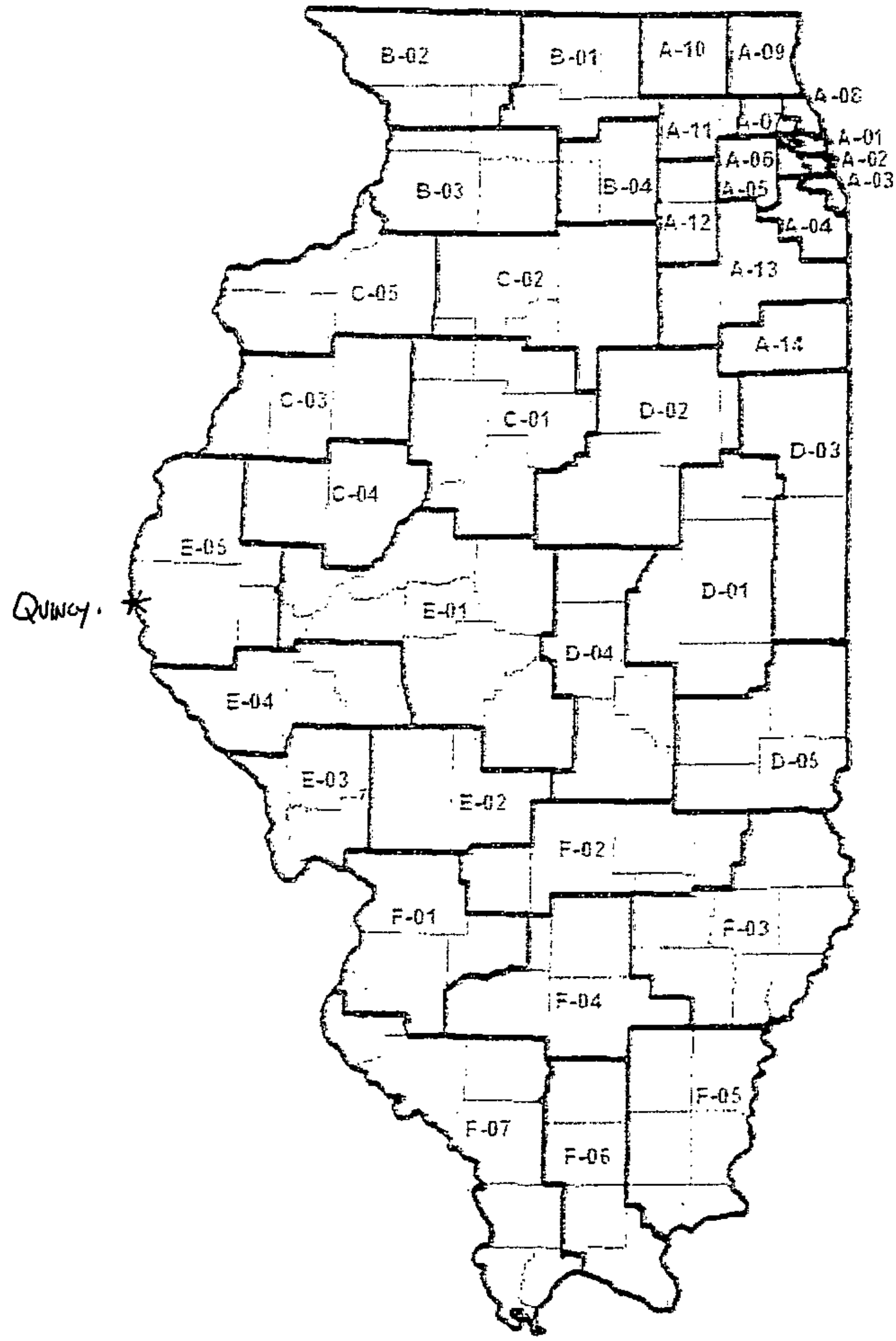
Donations/Sponsorships	$151,360
Adams County Ambulance Servces	$70,775
Meeting Space	$22,268

Blessing Hospital Charity Care Information

Fiscal Year	2017	2016	2015
Net Patient Revenue (before bad debts)	376,193,843	335,903,204	327,091,198
Amount of Charity Care (charges)	26,810,029	25,583,113	25,536,630
Cost of Charity Care	6,158,264	6,454,619	6,389,265

Inventory of Health Care Facilities and Services
and Need Determinations

Illinois Health Facilities and Services Review Board
Illinois Department of Public Health



BLESSING
Health System

P.O. Box 7005 Quincy, IL
217-223-8400
www.blessinghealthsystem.org

Ms. Courtney Avery, Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Mrs. Avery,

Enclosed please find the Blessing Hospital application for the constructing of a new medical office building. The original application with signatures and one copy is enclosed. A check for the initial application fee of $2500, check #506960, dated February 21, 2018 is attached to the letter.

In addition, at staff request, a copy of the most recent audited financials has been included.

Sincerely,

Betty J Kasparie

Betty Kasparie
Vice President
Audit, Risk & Compliance

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS

BLESSING HOSPITAL

QUINCY, ILLINOIS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

GRAY HUNTER STENN LLP

INDEX

GRAY HUNTER STENN LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

500 MAINE STREET

QUINCY, ILLINOIS 62301

(217) 222-0304 FAX (217) 222-1691

QUINCY, ILLINOIS
OAK BROOK, ILLINOIS

MARION, ILLINOIS
DEKALB, ILLINOIS

Independent Auditors' Report

To the Board of Trustees of
Blessing Hospital

We have audited the accompanying financial statements of Blessing Hospital (a nonprofit health care entity), which comprise the balance sheets as of September 30, 2017 and 2016, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blessing Hospital as of September 30, 2017 and 2016, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gray Hunter Stenn LLP

Certified Public Accountants

Dated at Quincy, Illinois
January 4, 2018

Exhibit "A"

BLESSING HOSPITAL
BALANCE SHEETS
AS AT SEPTEMBER 30, 2017 AND 2016

	As At September 30	
	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 55,716,216	$ 46,821,266
Investments	154,375,650	141,014,378
Patient accounts receivable, net of allowance for doubtful accounts; 2017 - $13,983,000, 2016 - $10,872,000	60,536,041	51,876,955
Inventories - at lower of cost or market	6,648,882	6,853,284
Prepaid expenses	6,084,380	4,763,745
Due from related organizations	1,462,164	1,118,320
Other current assets	1,522,978	1,812,988
Total Current Assets	$ 286,346,311	$ 254,260,936
Other Assets:		
Interest in net assets of The Blessing Foundation, Inc.	$ 429,139	$ 999,794
Assets limited as to use:		
By board of trustees for self-insurance and other	$ 13,997,936	$ 11,674,307
To pay retirement benefits	2,789,817	2,356,717
Other assets	1,788,249	1,837,721
Total assets limited as to use	$ 18,576,002	$ 15,868,745
Property, Plant And Equipment - Net	$ 212,280,492	$ 196,936,297
Other Noncurrent Assets:		
Receivables - related organizations	$ 644,399	$ 669,587
Other notes receivable	7,483,191	5,833,576
Estimated insurance recoveries	2,939,274	2,737,417
Intangible assets	9,332,371	9,332,371
Total Other Noncurrent Assets	$ 20,399,235	$ 18,572,951
Total Assets	$ 538,031,179	$ 486,638,723
Liabilities and Net Assets		
Current Liabilities:		
Current installments of long-term debt	$ 5,341,415	$ 4,997,692
Accounts payable	12,854,101	15,538,799
Due to related organizations	10,500,000	-
Estimated third-party payor settlements - Medicare, Medicaid, Blue Cross	16,570,000	11,746,000
Retainage and construction accounts payable	4,679,029	6,464,570
Deferred revenue	3,068,990	1,958,129
Other accruals	24,032,000	26,526,506
Total Current Liabilities	$ 77,045,535	$ 67,231,696
Other Liabilities:		
Long-term debt, net of current portion and deferred financing costs	$ 82,204,491	$ 87,504,205
Estimated professional liability claims	14,475,029	12,639,920
Accrued pension costs	53,090,781	57,962,188
Other long-term liabilities	6,955,817	6,622,480
Total Other Liabilities	$ 156,726,118	$ 164,728,793
Total Liabilities	$ 233,771,653	$ 231,960,489
Net Assets:		
Unrestricted	$ 300,036,889	$ 250,504,783
Temporarily restricted	2,525,364	2,476,178
Permanently restricted	1,697,273	1,697,273
Total Net Assets	$ 304,259,526	$ 254,678,234
Total Liabilities And Net Assets	$ 538,031,179	$ 486,638,723

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

Exhibit "B"

BLESSING HOSPITAL
STATEMENTS OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	Year Ended September 30	
	2017	2016
Unrestricted Revenues, Gains And Other Support:		
Net patient service revenue	$ 376,193,843	$ 335,903,204
Provision for bad debts	(13,474,737)	(8,053,082)
Net patient service revenue less provision for bad debts	$ 362,719,106	$ 327,850,122
Auxiliary services income	16,087,204	13,853,251
Net assets released from restrictions used for operations	2,676,480	2,132,052
Total Unrestricted Revenues, Gains And Other Support	$ 381,482,790	$ 343,835,425
Expenses:		
Salaries, wages and contract labor	$ 117,886,494	$ 108,101,183
Other operating expenses	174,462,686	171,309,800
Depreciation and amortization	15,481,555	14,017,747
Interest expense	2,262,247	2,534,571
Total Expenses	$ 310,092,982	$ 295,963,301
Operating income	$ 71,389,808	$ 47,872,124
Investment income	2,853,181	2,389,421
Excess of revenues over expenses	$ 74,242,989	$ 50,261,545
Change in net unrealized gains and losses on other than trading securities	13,362,427	4,114,570
Net assets released from restrictions used for purchase of property and equipment	214,079	241,282
Transfers to parent	(41,653,314)	(24,754,390)
Pension liability adjustment	3,365,925	11,178,212
Increase (Decrease) In Unrestricted Net Assets	$ 49,532,106	$ 41,041,219

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

Exhibit "C"

BLESSING HOSPITAL
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	Year Ended September 30	
	2017	2016
Unrestricted Net Assets:		
Excess of revenues over expenses	$ 74,242,989	$ 50,261,545
Change in net unrealized gains and losses on other than trading securities	13,362,427	4,114,570
Net assets released from restrictions used for purchase of property and equipment	214,079	241,282
Transfers to parent	(41,653,314)	(24,754,390)
Pension liability adjustment	3,365,925	11,178,212
Increase (Decrease) In Unrestricted Net Assets	$ 49,532,106	$ 41,041,219
Temporarily Restricted Net Assets:		
Contributions	$ 2,989,431	$ 2,730,547
Net realized and unrealized gains (losses) on investments	(49,686)	4,920
Net assets released from restrictions	(2,890,559)	(2,373,334)
Increase (Decrease) In Temporarily Restricted Net Assets	$ 49,186	$ 362,133
Permanently Restricted Net Assets:		
Contributions	$ -	$ -
Net realized and unrealized gains (losses) on investments	-	-
Increase (Decrease) In Permanently Restricted Net Assets	$ -	$ -
Increase (Decrease) In Net Assets	$ 49,581,292	$ 41,403,352
Net Assets, Beginning Of Year	254,678,234	213,274,882
Net Assets, End Of Year	$ 304,259,526	$ 254,678,234

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

BLESSING HOSPITAL
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	Year Ended September 30 2017	2016
Cash Flows From Operating Activities:		
Change in net assets	$ 49,581,292	$ 41,403,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,481,555	14,017,747
Amortization of deferred financing costs and bond premium	38,458	42,726
Provision for bad debts	13,474,737	8,053,082
(Gain) loss on disposal of property and equipment	816,435	675,500
Net realized and unrealized (gains) losses on investments other than trading securities	(14,486,271)	(5,311,101)
Undistributed portion of change in interest in net assets of The Blessing Foundation, Inc.	570,655	753,188
Transfers to parent	41,653,314	24,754,390
Restricted contributions	(2,989,431)	(2,730,547)
(Increase) decrease in patient accounts receivable	(22,133,823)	(16,240,913)
(Increase) decrease in inventories	204,402	19,550
(Increase) decrease in prepaid expenses	(1,320,635)	(454,077)
(Increase) decrease in other current assets and due to (from) related organizations	10,454,885	675,337
(Increase) decrease in other notes receivable	(1,649,615)	(549,073)
(Increase) decrease in estimated insurance recoveries	(210,576)	(135,247)
Increase (decrease) in accounts payable	(2,684,698)	2,468,776
Increase (decrease) in other current accruals	(2,494,506)	(2,511,040)
Increase (decrease) in estimated professional liability claims	1,835,109	(240,754)
Increase (decrease) in accrued pension cost	(4,871,407)	(10,948,572)
Increase (decrease) in estimated third-party payor settlements	4,824,000	1,230,812
Increase (decrease) in deferred revenue	1,019,861	222,281
Increase (decrease) in other long-term liabilities	424,337	264,045
Net Cash Provided (Used) By Operating Activities	$ 87,538,078	$ 55,459,462
Cash Flows From Investing Activities:		
Purchase of property and equipment	$ (31,642,185)	$ (25,703,133)
Sales of investments	51,165,380	81,189,251
Purchase of investments	(52,747,638)	(122,922,500)
Loan to related party	-	(711,262)
Repayment of related party loan	25,188	41,675
Purchase of intangibles and deferred financing costs	(1,000)	-
Net Cash Provided (Used) By Investing Activities	$ (33,200,255)	$ (68,105,969)
Cash Flows From Financing Activities:		
Transfers to parent	$ (41,653,314)	$ (24,754,390)
Restricted contributions	2,989,431	2,730,547
Increase (decrease) in retainage and construction accounts payable	(1,785,541)	3,301,446
Repayment of long-term debt	(4,993,449)	(4,731,246)
Net Cash Provided (Used) By Financing Activities	$ (45,442,873)	$ (23,453,643)
Net Increase (Decrease) In Cash And Cash Equivalents	$ 8,894,950	$ (36,100,150)
Cash And Cash Equivalents At Beginning Of Year	46,821,266	82,921,416
Cash And Cash Equivalents At End of Year	$ 55,716,216	$ 46,821,266

Supplemental Disclosure Of Cash Flow Information:
Cash paid for interest for the years ended September 30, 2017 and 2016 was $2,457,256 and $2,666,144, respectively.
Interest capitalized for the years ended September 30, 2017 and 2016 was $180,242 and $119,451, respectively.

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

BLESSING HOSPITAL

NOTES TO FINANCIAL STATEMENTS

Note (1) Description Of Organization And Summary Of Significant Accounting Policies

Organization - Blessing Hospital (Hospital), located in Quincy, Illinois, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of western Illinois, northeastern Missouri, and southern Iowa. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated in Illinois in 1875 and is a member of a group of related organizations (See Note 15).

Use of estimates - Preparation of the Hospital's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on historical experience and information that is available to management about current events and actions the Hospital may take in the future. Significant items subject to estimates and assumptions include depreciable lives and carrying values of long-lived assets; valuation allowances for receivables; the liability for third-party payor settlements - Medicare, Medicaid, and Blue Cross; the liabilities for employee healthcare, workers' compensation, and professional liability claims; other estimated third party liabilities; and obligations related to the Hospital's defined benefit plan. Actual results could differ from these estimates.

Cash and cash equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payors.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet. Investments also include investments in alternative assets, such as hedge funds structured as limited liability corporations or partnerships. These funds are carried at net asset value. The estimated fair value of these alternative investments is based on the most recent valuations provided by external investment managers. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities. The Hospital routinely invests its surplus operating funds in certificates of deposit.

Assets limited as to use - Assets limited as to use primarily include assets held by trustees under indenture agreements, assets restricted to pay retirement benefits, assets restricted by donors, and designated assets set aside by the Board of Trustees for future capital improvements and self-insurance trust arrangements, over which the Board retains control and may at its discretion subsequently use for other purposes.

Property and equipment - Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Note (1) Description Of Organization And Summary Of Significant Accounting Policies (Cont'd.)

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Temporarily and permanently restricted net assets - Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

Excess of revenues over expenses - The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net patient service revenue - The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. See Note (2) for the total amount of charity care.

Donor-restricted gifts - Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as restricted contributions and a subsequent release of restrictions in the accompanying financial statements (See Note 13).

Estimated professional liability costs - The provision for estimated professional liability claims includes estimates of the ultimate costs for both actual reported claims and potential claims incurred but not reported.

Income taxes - The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The tax years from 2013 through 2016 remain open for review by the taxing authorities.

Note (1) <u>Description Of Organization And Summary Of Significant Accounting Policies</u> (Cont'd.)

Other long-term liabilities - The provision for other long-term liabilities includes the Hospital's estimate of potential liability for future adjustments of prior billings.

Patient accounts receivable - The Hospital provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Hospital's estimate is based on historical collection experience and a review of the current status of patient accounts receivable. It is reasonably possible that the Hospital's estimate of the allowance for doubtful accounts will change. The Hospital considers accounts receivable to be past due one month after initial billing and charges off accounts when turned over to collection.

Notes receivable - Notes receivable include amounts due from employees, physicians, and Blessing-Rieman College of Nursing students. Notes receivable are stated at unpaid principal balances with an allowance for uncollectible accounts. Notes due from employees and physicians bear interest at a rate equal to the prime rate plus 1% and are eligible for forgiveness as the borrower completes specified years of service with the Hospital. All student notes are on non-accrual status because management believes, in general, student's economic conditions, business conditions, and past collection efforts, show that collection of interest is doubtful. Interest on loans is recognized only to the extent cash payments are received and is calculated using the simple interest method on principal amounts outstanding. These notes' past due status is based on the contractual terms of the notes.

Deferred financing costs - Deferred financing costs are netted against long term debt and amortized over the period the obligation is outstanding using the interest method.

Intangible assets - Intangible assets are evaluated for impairment on a periodic basis.

Inventories – Inventories consist principally of medical supplies and pharmaceuticals and are valued at the lower of cost or market, following the first-in, first-out method.

New accounting standards adopted - In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* The provisions of this ASU affect fair value measurement disclosures only. Investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient provisions of ASC 820, *Fair Value Measurement,* are no longer required to be included within the fair value hierarchy leveling tables. Blessing Hospital early adopted this guidance as of September 30, 2016.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities.* The provisions of this ASU exempt all entities that are not public business entities from disclosing fair value information for financial instruments measured at amortized cost. Blessing Hospital early adopted this guidance as of September 30, 2017.

Subsequent events - Subsequent events have been evaluated through January 4, 2018, which is the date the financial statements were available to be issued.

Note (2) Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care services and inpatient rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient psychiatric services are paid at prospectively determined per diem rates that are based on clinical, diagnostic, and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Substantially all outpatient services are paid at prospectively determined rates. Certain medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology with certain limitations. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a quality improvement organization under contract with the Hospital. The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through September 30, 2011.

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge or prospectively determined daily rates based on the services rendered. Outpatient services are reimbursed based upon a payment schedule by type of service. The Hospital's Medicaid cost reports have been finalized by the Medicaid fiscal intermediary through September 30, 2010.

Revenue from the Medicare and Medicaid programs accounted for approximately 28 percent and 9 percent, respectively, of the Hospital's net patient revenue for the year ended September 30, 2017, and 29 percent and 10 percent, respectively, of the Hospital's net patient revenue for the year ended September 30, 2016. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with Medicare and Medicaid laws and regulations can make the Hospital subject to significant regulatory action, including substantial fines and penalties, as well as exclusion from the Medicare and Medicaid programs. For the years ended September 30, 2017 and 2016, net patient service revenue decreased $1,330,000 and increased $425,588, respectively, due to changes in estimated payment related to third-party payors and certain historical cost report periods, excluding the Recovery Audit program.

Under Section 302 of the Tax Relief and Health Care Act of 2006, Congress required the Secretary of the Department of Health and Human Services to institute a permanent and national Recovery Audit program to recoup overpayments associated with services for which payment is made under part A or B of title XVIII of the Social Security Act. Under the Recovery Audit program, Blessing Hospital, like other healthcare providers, experiences withholding of payments from the Medicare program for a variety of circumstances that result in uncertainty in the estimated realization of both current receivables and previously collected amounts. Accordingly, the Hospital estimates the impact, on a net basis, of amounts that may be withheld or recouped under the Recovery Audit program and amounts previously withheld or recouped inappropriately that are due to the Hospital. Net patient service revenue and operating income for September 30, 2017 and 2016 did not change due to changes in estimated liabilities under the Recovery Audit contractor program.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Note (2) Net Patient Service Revenue (Cont'd.)

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than their established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care so they are not reported as net patient service revenue. The amounts of direct and indirect costs for services and supplies furnished under the Hospital's charity care policy totaled approximately $6,158,264 and $6,454,619 for the years ended September 30, 2017 and 2016, respectively, and is based on a ratio of the Hospital's costs to its gross charges.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the years ended September 30, 2017 and 2016, respectively, is approximately:

	Year Ended September 30	
	2017	2016
Medicare	$ 106,928,500	$ 96,375,496
Medicaid	33,166,788	32,398,414
Commercial insurance	227,261,815	202,178,371
Self-pay	8,836,740	4,950,923
Net patient service revenue	$ 376,193,843	$ 335,903,204

Note (3) Patient Accounts Receivable

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the reaslization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Note (3) Patient Accounts Receivable (Cont'd.)

The Hospital's allowance for doubtful accounts for self-pay patients was 77% and 77% of self-pay accounts receivable at September 30, 2017 and 2016, respectively. The Hospital's self-pay write-offs increased from $13,489,303 for the year ended September 30, 2016 to $14,514,553 for the year ended September 30, 2017. This slight increase reflects a fairly consistent payor mix. The Hospital has not changed its charity care or uninsured discount policies during the years ended September 30, 2017 and 2016. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors nor did it have significant bad debt write-offs from third-party payors.

Note (4) Investments

The following is a summary of the composition of investments as of September 30, 2017 and 2016:

	As Of September 30	
	2017	2016
	Fair Value	Fair Value
Marketable Equity Securities	$ 79,458,456	$ 74,649,311
Government Bonds	8,649,794	11,026,021
Government Backed Securities	3,067,116	6,151,981
Corporate Mortgage/Asset Backed Securities	7,735,524	5,695,213
Foreign Bonds	738,109	497,840
Corporate Bonds	16,536,617	13,182,857
Money Market Accounts	344,988	439,009
Mutual Funds	36,816,683	26,120,962
Managed Futures/Hedge Funds	2,069,445	2,077,814
Certificates Of Deposits	13,183,666	13,171,277
Other Assets	4,351,254	3,870,838
Total	$ 172,951,652	$ 156,883,123

The following is a summary of investments included in the Balance Sheets:

	2017	2016
Classified as current	$ 154,375,650	$ 141,014,378
Assets whose use is limited:		
By board of trustees for self-insurance and other	13,997,936	11,674,307
Under bond indenture agreement by trustee	268	54
Assets held to pay retirement benefits	2,789,817	2,356,717
By donor:		
Endowment assets	1,697,273	1,697,273
Specific purpose assets	90,708	140,394
Classified as noncurrent	-	-
Total	$ 172,951,652	$ 156,883,123

Note (4) Investments (Cont'd.)

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ending September 30, 2017 and 2016:

	Year Ending September 30 2017 Fair Value	Year Ending September 30 2016 Fair Value
Investment Income:		
Interest and dividend income	$ 3,342,141	$ 2,292,780
Investment fees	(671,043)	(485,787)
Realized gains (losses) on sales of securities	998,518	1,257,928
Gain (loss) on sale of fixed assets	(816,435)	(675,500)
	$ 2,853,181	$ 2,389,421
Other Changes in Unrestricted Net Assets:		
Change in net unrealized gains (losses) on other than trading securities	$ 13,362,427	$ 4,114,570
Other Changes in Temporarily Restricted Net Assets:		
Change in net unrealized gains (losses) on other than trading securities	$ (49,686)	$ 4,920

Note (5) Inventories

Inventories consist of the following:

	As Of September 30 2017	As Of September 30 2016
Surgery and anesthesia	$ 4,064,945	$ 4,095,404
Pharmacy and intravenous	1,444,802	1,377,892
Storeroom	115,882	104,106
Laboratory	235,331	284,414
Supplies processing development	142,383	116,273
Cardiology	508,367	767,070
Radiology	137,172	108,125
Total	$ 6,648,882	$ 6,853,284

Note (6) Property, Plant, And Equipment

Property, plant, and equipment consist of the following:

	As Of September 30	
	2017	2016
Land	$ 14,395,667	$ 13,311,335
Land improvements	7,183,114	6,626,178
Buildings and building equipment	208,396,215	206,285,834
Furniture, fixtures and equipment	156,130,433	144,752,339
Construction in progress	12,736,548	11,812,028
	$ 398,841,977	$ 382,787,714
Less accumulated depreciation	(186,561,485)	(185,851,417)
Total	$ 212,280,492	$ 196,936,297

Property, plant and equipment in the amount of $2,913,169 are held under capital lease at both September 30, 2017 and 2016. The related accumulated amortization for equipment under capital lease obligations was $1,095,291 and $905,990 at September 30, 2017 and 2016, respectively.

During the year ended September 30, 2016, the Hospital conducted a study to reassess the estimated remaining useful lives of its buildings, building improvements, and equipment. As a result of the study, the Hospital prospectively adjusted the estimated remaining useful lives of assets, which resulted in a reduction of $6.4 million in depreciation expense for the year ended September 30, 2016.

During the year ended September 30, 2017, Blessing Hospital vacated a facility and plans to demolish the remaining assets subsequent to year end. During the year ended September 30, 2017, assets of the facility totaling $13,017,802 with related accumulated depreciation of $12,272,237 were written off, resulting in a loss of $745,565 which is included in 'Investment income' on the Statement of Operations. Subsequent to September 30, 2017, the Hospital entered into a contract for approximately $1.1 million for demolition of the building.

The Hospital capitalizes interest cost on borrowings incurred during the new construction or upgrade of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. During the years ended September 30, 2017 and 2016, the Hospital capitalized $180,242 and $119,451 of interest, respectively, in connection with various capital expansion projects.

Note (7) Intangible Assets

Intangible assets consisted of the following at September 30, 2017 and 2016:

	As Of September 30	
	2017	2016
Goodwill	$ 12,740,276	$ 12,740,276
Less: accumulated amortization	(3,407,905)	(3,407,905)
Total	$ 9,332,371	$ 9,332,371

Note (7) Intangible Assets (Cont'd.)

Deferred financing costs are netted against long term debt and consisted of the following at September 30, 2017 and 2016:

	As Of September 30	
	2017	2016
Deferred financing costs	$ 631,431	$ 630,431
Less: accumulated amortization	(232,034)	(193,576)
Total	$ 399,397	$ 436,855

Amortization of intangible assets amounted to $38,458 and $42,726 for the years ended September 30, 2017 and 2016, respectively.

The following is a schedule of amortization of deferred financing costs for the next five years:

2018	$ 33,524
2019	28,830
2020	27,270
2021	26,117
2022	24,910
Total	$ 140,651

Advertising costs are expensed as incurred. Advertising expense totaled $386,152 and $369,720 for the years ended September 30, 2017 and 2016, respectively.

Note (8) Other Accruals

Other accruals consist of the following:

	As Of September 30	
	2017	2016
Salaries, wages, and paid time off	$ 16,482,889	$ 15,473,879
Payroll taxes and other withholding	657,386	578,484
Deferred compensation - current	390,742	2,426,562
Accrued interest	633,159	686,384
Employee healthcare claims	3,038,445	4,074,985
Workers' compensation claims	1,029,379	1,486,212
Professional liability claims - current	1,800,000	1,800,000
Total	$ 24,032,000	$ 26,526,506

Note (9) Commitments and Contingencies

The Hospital has adopted a plan of self-insurance for certain liability coverage. The Hospital is periodically involved in litigation and regulatory investigations arising in the course of business. Under this plan, the Hospital is self-insured with respect to a primary layer of coverage for medical professional and general liability claims. Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement and defense costs of these claims. Gross malpractice losses totaling $15,385,128 and $14,412,448, respectively, have been discounted at six percent for the years ending September 30, 2017 and 2016 and in management's opinion provide an adequate reserve for loss contingencies. The Hospital has certain claims-made commercial insurance coverage for claims exceeding the self-insurance layer. At September 30, 2017 and 2016, the Balance Sheet includes current estimated insurance recoveries of $-0- and $-0-, respectively, and noncurrent estimated insurance recoveries of $2,939,274 and $2,737,417, respectively, for the estimated amount of the liability that would be recoverable under the commercial insurance plan.

The Hospital has established a revocable trust fund for the payment of professional liability and general claim settlements. The professional actuarial consultants have assisted the Hospital with determining amounts to be deposited in the trust fund.

Blessing Hospital has entered into purchase commitments until 2020 to acquire computer software and licensing, with approximately $2.8 million of those commitments remaining at year end. During the year ended September 30, 2016, the Hospital entered into a construction contract for approximately $6.8 million for remodel of the kitchen facilities. As of September 30, 2017, approximately $800,000 remained to be paid on the contract. Subsequent to September 30, 2017, the Hospital signed a contract (amounts yet to be determined) for construction of a facility in Quincy, Illinois.

The Hospital has entered into an agreement with a bank to guarantee loans between patients of the Hospital and the bank. The Hospital agrees to purchase these loans if the patients default and must maintain deposits with the bank equal to ten percent of the outstanding loan principal balance of the loan portfolio. The Hospital guarantees patient loans made under the agreement until they are paid in full. Patient loans purchased by the Hospital under the agreement are subject to normal collection procedures by the entity. At September 30, 2017 and 2016, the amount of patient loans outstanding with the bank and guaranteed by the Hospital totaled $1,559,537 and $1,704,711, respectively.

Note (10) Pension Plan

The Hospital sponsors a defined contribution 403(b) plan. Substantially all employees are eligible to participate in the plan. Prior to January 1, 2017, the Hospital made matching contributions to this plan based on a 25% match of employee's contributions up to 1.25% of an employee's compensation. Effective January 1, 2017, the Hospital amended the plan to make matching contributions to this plan based on a 100% match of employee's contributions up to 5% of an employee's compensation. The Hospital's matching contributions to this plan amounted to $4,656,203 and $978,738 for the years ended September 30, 2017 and 2016, respectively. For the years ending September 30, 2017 and 2016, the Hospital also made a nonelective contribution to this plan for eligible employees of 3% of the employee's compensation totaling $42,960 and $2,176,562, respectively. Effective January 1, 2017, the plan was amended to no longer include an employer nonelective contribution.

Note (10) Pension Plan (Cont'd.)

The Hospital also has a noncontributory defined benefit pension plan. The defined benefit plan was amended effective March 31, 2007 to freeze benefit accruals for active participants hired on or after April 1, 2002 and to freeze participation in the plan as of March 31, 2007. On August 31, 2016, the Plan was amended to freeze the monthly accrued benefit of all participants as of December 31, 2016. Consequently, the accrued benefit of each participant will not increase as the result of continued service, increased compensation, or for any other reason after December 31, 2016. The Hospital's funding policy is to contribute the amount necessary to meet the funding requirements as defined by the Internal Revenue Code.

The Hospital uses a September 30 measurement date for its defined benefit plan. Calculations have been updated to reflect the freezing of benefit accruals in the plan effective December 31, 2016. The following tables set forth the benefit obligation, fair value of plan assets, and the funded status of the Hospital's plan; amounts recognized in the Hospital's financial statements; and the principal weighted-average assumptions used:

	Year Ended September 30	
	2017	2016
Change In Benefit Obligation:		
Benefit obligation at Beginning of Year	$ 164,903,154	$ 165,052,822
Service cost	1,167,109	4,185,730
Interest cost	6,197,028	7,206,960
Actuarial (gains)/losses	4,190,565	14,348,193
Curtailments/settlements	-	(20,956,896)
Benefits paid	(5,290,731)	(4,933,655)
Benefit Obligation At End Of Year	$ 171,167,125	$ 164,903,154
Change In Plan Assets:		
Fair value of plan assets at Beginning of Year	$ 106,940,966	$ 96,142,062
Actual return on plan assets	14,051,109	7,840,872
Employer contribution	2,375,000	7,891,687
Settlements	-	-
Benefits paid	(5,290,731)	(4,933,655)
Fair Value Of Plan Assets At End Of Year	$ 118,076,344	$ 106,940,966
Funded Status	$ (53,090,781)	$ (57,962,188)

Note (10) Pension Plan (Cont'd.)

Amounts recognized in the Balance Sheet consist of:

	Year Ended September 30	
	2017	2016
Noncurrent assets	$ -	$ -
Current liabilities	-	-
Noncurrent liabilities	(53,090,781)	(57,962,188)
Net Amount Recognized in Balance Sheet	$ (53,090,781)	$ (57,962,188)

Amounts recognized as changes in unrestricted net assets but not yet reclassified as components of net periodic benefit cost consist of:

	Year Ended September 30	
	2017	2016
Net actuarial loss (gain)	$ 54,657,282	$ 58,023,207
Prior service cost (credit)	-	-
Net initial obligation (asset)	-	-
Total	$ 54,657,282	$ 58,023,207

Components of net periodic benefit cost are as follows:

	Year Ended September 30	
	2017	2016
Net Periodic Benefit Cost:		
Service cost	$ 1,167,109	$ 4,185,730
Interest cost	6,197,028	7,206,960
Expected return on assets	(7,900,132)	(7,646,948)
Amortization of net (gain) loss	1,405,513	4,341,469
Amortization of prior service cost	-	8,064
Recognized (gain) loss due to curtailments/settlements	-	26,052
Net periodic benefit cost	$ 869,518	$ 8,121,327

Note (10) Pension Plan (Cont'd.)

Other changes in net assets not yet included in net periodic benefit cost and reclassifications to net periodic benefit cost of amounts previously recognized as changes in unrestricted net assets but not included in net periodic benefit cost when they arose:

	Year Ended September 30	
	2017	2016
Other changes in unrestricted net assets:		
Net (gain) loss	$ (1,960,412)	$ (6,802,627)
Recognized (gain) loss	(1,405,513)	(4,341,469)
Recognized prior service (cost) credit	-	(34,116)
Total of other changes in unrestricted net assets	$ (3,365,925)	$ (11,178,212)
Total amounts recognized as changes in unrestricted net assets arising from a defined benefit plan	$ (2,496,407)	$ (3,056,885)

During 2017 the plan's total unrecognized net loss decreased by $3.4 million largely due to favorable asset return, higher discount rate and miscellaneous experience. The variance between the actual and expected return on plan assets during 2017 decreased the total unrecognized net loss by $6.2 million. Because the total unrecognized net gain or loss exceeds the greater of 10% of the projected benefit obligation or 10% of the plan assets, the excess will be amortized over the average expected future working lifetime of active and inactive plan participants. As of October 1, 2016 the average expected future working lifetime of active plan participants was 29.55 years. Due to the plan freeze, the average expected future working lifetime of active plan participants was changed to average weighted future lifetime of active and inactive plan participants which increased the period to amortize the unrecognized gain/loss from 11.92 years for the year ended September 30, 2016 to 29.55 years in the current year. Actual results for 2017 will depend on the 2017 actuarial valuation of the plan.

Amounts expected to be recognized in net periodic cost in the coming year are as follows:

	Year Ended September 30	
	2017	2016
(Gain)/loss recognition	$ 1,299,431	$ 1,405,512
Prior service cost recognition	-	-

The following table summarizes the Hospital sponsored pension plan that has an accumulated benefit obligation in excess of plan assets:

	Year Ended September 30	
	2017	2016
Projected benefit obligation	$ 171,167,125	$ 164,903,154
Accumulated benefit obligation	171,167,125	164,903,154
Fair value of plan assets	118,076,344	106,940,966

Note (10) Pension Plan (Cont'd.)

The following are weighted-average assumptions used to determine benefit obligations and net periodic benefit cost at September 30, 2017 and 2016:

	Year Ended September 30	
	2017	2016
Actuarial Assumptions Used To Determine Benefit Obligations:		
Discount rate	3.99%	3.82%
Rate of Compensation Increase	0.00%	2.50%
Mortality	MP-2016	RP-2015
Actuarial Assumptions Used To Determine Net Periodic Benefit Cost:		
Discount rate	3.82%	4.43%
Expected Return on Plan Assets	7.50%	7.75%
Rate of Compensation Increase	2.50%	2.50%

The change in unrecognized net gain/loss is one measure of the degree to which important assumptions have coincided with actual experience. During 2017 the unrecognized net loss decreased by 2.0% of the September 30, 2016 projected benefit obligation. The Hospital changes important assumptions whenever changing conditions warrant. The discount rate is typically changed at least annually and the expected long-term return on plan assets will typically be revised every three to five years. Other material assumptions include the compensation increase rates, rates of employee termination, and rates of participant mortality.

The discount rate was determined by projecting the plan's expected future benefit payments as defined for the projected benefit obligation, discounting those expected payments using a theoretical zero-coupon spot yield curve derived from a universe of high-quality bonds as of the measurement date, and solving for a single equivalent discount rate that resulted in the same projected benefit obligation. A 1% increase in the discount rate would have decreased the net periodic benefit cost for fiscal year 2017 by $0.3 million and decreased the year-end projected benefit obligation by $22.5 million. A 1% decrease in the discount rate would have increased the net periodic benefit cost for fiscal year 2017 by $0.3 million and increased the year-end projected benefit obligation by $28.3 million.

The Hospital's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on plan assets was determined based on historical and expected future returns of the various asset classes, using the target allocations described below.

The Hospital's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (described below) by major asset categories.

The target allocations for plan assets are 70% equity securities and 30% debt securities. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters and achieve asset returns that meet or exceed the plan's actuarial assumptions.

Note (10) Pension Plan (Cont'd.)

The investment policy is periodically reviewed by the Hospital and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

The fair value of the Hospital's pension plan assets at September 30, 2017, by asset class are as follows:

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
Cash	$ 3,104,020	$ -	$ -	$ 3,104,020
Equity securities:				
U.S. large-cap value	17,315,020	-	-	17,315,020
U.S. large-cap growth	18,074,554	-	-	18,074,554
U.S. small-cap value	7,374,864	-	-	7,374,864
Small-cap growth	10,144,236	-	-	10,144,236
U.S. mid-cap core	11,540,867	-	-	11,540,867
International	21,646,308	-	-	21,646,308
Fixed income securities:				
Corporate bonds	-	9,912,694	-	9,912,694
Government bonds	-	7,189,657	-	7,189,657
Asset-backed securities	-	9,825,042	-	9,825,042
Foreign bonds	219,322			219,322
Mutual fund	1,550,463	-	-	1,550,463
Other	100,779	-	-	100,779
Taxable Municipal Bond	78,518	-	-	78,518
Total	$ 91,148,951	$ 26,927,393	$ -	$ 118,076,344

Note (10) Pension Plan (Cont'd.)

The fair value of the Hospital's pension plan assets at September 30, 2016, by asset class are as follows:

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
Cash	$ 7,129,722	$ -	$ -	$ 7,129,722
Equity securities:				
U.S. large-cap value	14,958,806	-	-	14,958,806
U.S. large-cap growth	15,093,881	-	-	15,093,881
U.S. small-cap value	5,992,939	-	-	5,992,939
Small-cap growth	8,978,500	-	-	8,978,500
U.S. mid-cap core	9,671,369	-	-	9,671,369
International	17,702,827	-	-	17,702,827
Fixed income securities:				
Corporate bonds	-	9,232,170	-	9,232,170
Government bonds	-	7,696,965	-	7,696,965
Asset-backed securities	-	8,646,622	-	8,646,622
Foreign bonds	238,570			238,570
Mutual fund	1,515,894	-	-	1,515,894
Taxable Municipal Bond	82,701	-	-	82,701
Total	$ 81,365,209	$ 25,575,757	$ -	$ 106,940,966

The Hospital expects to contribute $0.5 million to the plan during the upcoming year. Funding requirements for subsequent time periods are uncertain and will significantly depend on whether the plan's actuary changes any assumptions used to calculate plan funding levels, the actual return on plan assets, changes in the employee groups covered by the plan, and any legislative or regulatory changes affecting plan funding requirements. For financial planning, cash flow management or cost reduction purposes the Hospital may increase, accelerate, decrease, or delay contributions to the plan to the extent permitted by law.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2018	$ 5,869,283
2019	6,317,111
2020	6,776,824
2021	7,184,147
2022	7,609,666
Years 2023-2027	43,619,139

Note (11) Non-Qualified Deferred Compensation Plans

The Hospital sponsors a 457(b) retirement plan for the benefit of a group of designated employees. The assets of the plan are subject to the general creditors of the Hospital; thus, the assets are reported as noncurrent assets on the balance sheet with a corresponding noncurrent liability.

The Hospital established a 457(f) retirement plan effective January 1, 2016 for designated employees. For the years ended September 30, 2017 and 2016, there were no payouts from the 457(f). The Hospital recorded a liability of $250,000 for the years ending September 30, 2017 and 2016 for this plan.

Note (12) Long-term Debt

Long-term debt consists of the following at September 30:

	2017	2016
Revenue Refunding Bonds, Series 2012A (A)	$ 29,445,000	$ 30,120,000
Revenue Refunding Bonds, Series 2012B (B)	30,000,000	30,000,000
Revenue Refunding Bonds, Series 2007 (C)	19,295,000	22,615,000
Series 2007 Premium (C)	275,695	332,157
Direct Note Obligation, Series 2008A (D)	7,594,159	8,301,127
Capital leases (E)	1,335,449	1,570,468
	$ 87,945,303	$ 92,938,752
Less deferred financing costs	(399,397)	(436,855)
Total	$ 87,545,906	$ 92,501,897

(A) During the year ended September 30, 2012, the Hospital issued through the City of Quincy, Illinois revenue bonds totaling $32,785,000 entitled City of Quincy, Adams County, Illinois Revenue Refunding Bonds, Series 2012A (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Net proceeds from the bond issue were $32,620,418. Proceeds were reduced by $164,582 for legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet and are being amortized over the life of the bonds following the interest method. During the year ended September 30, 2012, proceeds of the bond issue were used to legally defease $12,595,000 of Series 2004 bonds and $20,000,000 of Series 2008 bonds. The bonds are due in annual payments through 2033 and bear interest at a variable rate based on LIBOR which is paid on a monthly basis. The bonds are collateralized by a pledge of the Hospital's gross receipts.

(B) During the year ended September 30, 2012, the Hospital issued through the City of Quincy, Illinois revenue bonds with a maximum principal amount of $30,000,000 entitled City of Quincy, Adams County, Illinois Revenue Bonds, Series 2012B (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Proceeds were used for the acquisition, construction, and equipping of a patient care addition with borrowings drawn on the bonds as the project progresses. Net proceeds from the draws were $29,831,914. Proceeds were reduced by $168,086 for legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet and are being amortized over the life of the bonds following the interest method. The bonds are due in annual payments beginning in 2020 through 2042 and bear interest at a variable rate which is paid on a semiannual basis. Through August 22, 2019, the bonds bear interest at an annual rate of 2.05%. The bonds are collateralized by a pledge of the Hospital's gross receipts.

Note (12) Long-term Debt (Cont'd.)

(C) During the year ended September 30, 2007, the Hospital issued through the City of Quincy, Illinois revenue bonds totaling $47,575,000 entitled City of Quincy, Adams County, Illinois Revenue Refunding Bonds, Series 2007 (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Net proceeds from the bond issue were $48,850,181, consisting of $47,575,000 principal and $1,275,181 net original issue premium. Proceeds were reduced by $570,296 for underwriter's discount and reimbursable expenses, legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet and are being amortized over the life of the bonds following the interest method. The net original issue premium is being amortized as a reduction in interest expense over the life of the bonds. The bonds are collateralized by a pledge of the Hospital's gross receipts. The bonds are due in annual payments through 2029 and bear interest at a variable rate which is paid on a semiannual basis. Through November 15, 2021, the bonds bear interest at an annual rate of 5%.

Subsequent to September 30, 2017, the bonds were refinanced at a fixed rate of 2.63%. Principal will still be due in annual installments and interest due in semiannual installments through November 15, 2029.

(D) On October 31, 2006, Blessing Hospital borrowed $13,000,000 to purchase an ambulatory surgery center. The loan has been refinanced multiple times and currently bears interest at a fixed rate of 3.625% payable in monthly payments of $83,349. The loan is collateralized by a pledge of the Hospital's unrestricted receivables. The allocation of the original purchase price was $12,630,277 for goodwill, $152,285 for fixed assets, and $217,438 for inventory. The goodwill is included in intangible assets and was being amortized over fifteen years. Beginning October 1, 2010, goodwill is no longer being amortized but rather periodically tested for impairment as required under generally accepted accounting principles.

(E) The Hospital leases various medical equipment and building improvements under capital lease agreements.

Under the terms of the 2012A, 2012B, and 2007 indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets whose use is limited in the financial statements. The indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding. Management believes the Hospital is in compliance with these covenants and conditions as of September 30, 2017.

Note (12) Long-term Debt (Cont'd.)

Scheduled maturities on debt capital lease obligations are as follows:

	Long-Term Debt	Capital Lease Obligations
2018	$ 5,089,849	$ 307,636
2019	5,421,766	274,132
2020	3,131,125	250,200
2021	3,943,616	250,200
2022	4,141,522	250,200
Later years	64,881,976	177,224
	$ 86,609,854	$ 1,509,592
Less unamortized deferred financing costs	$ (399,397)	
	$ 86,210,457	
Less amount representing interest under capital lease obligations		$ (174,143)
		$ 1,335,449

Note (13) Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2017 and 2016:

	As Of September 30 2017	2016
Resident Education	$ 3,258	$ 7,994
Hospice	34,336	123,113
Blessing Rieman College of Nursing	148,435	112,284
Eno Bequest	33,020	144,557
Hospital Program Needs and Community Health Improvement	2,306,315	2,088,230
Total	$ 2,525,364	$ 2,476,178

Permanently restricted net assets at September 30, 2017 and 2016 are restricted to:

	As Of September 30 2017	2016
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	$ 1,697,273	$ 1,697,273

Note (14) Endowment

The Hospital's endowment consists of a pool of investments established to provide income for purposes related to the Hospital. The endowment includes donor-restricted endowment funds. In accordance with the FASB Accounting Standards Codification, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment balance is included in net assets limited as to use in the balance sheets.

For the year ended September 30, 2017, the Hospital had the following endowment related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 140,394	$ 1,697,273	$ 1,837,667
Investment Return:			
Investment Income	$ -	$ -	$ -
Net Appreciation (Realized & Unrealized)	(49,686)	-	(49,686)
Total Investment Return	$ (49,686)	$ -	$ (49,686)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment Net Assets, End of Year	$ 90,708	$ 1,697,273	$ 1,787,981

For the year ended September 30, 2016, the Hospital had the following endowment related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 141,474	$ 1,697,273	$ 1,838,747
Investment Return:			
Investment Income	$ -	$ -	$ -
Net Appreciation (Realized & Unrealized)	(1,080)	-	(1,080)
Total Investment Return	$ (1,080)	$ -	$ (1,080)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment Net Assets, End of Year	$ 140,394	$ 1,697,273	$ 1,837,667

Note (14) Endowment (Cont'd.)

Interpretation of Relevant Law

On June 30, 2009, the State of Illinois repealed UMIFA and enacted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA), which changes the standards for investing endowment funds and for determining amounts to be appropriated for expenditure. Management of the Hospital has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund,
(2) The purposes of the Hospital and the donor-restricted endowment fund,
(3) General economic conditions,
(4) The possible effect of inflation and deflation,
(5) The expected total return from income and the appreciation of investments,
(6) Other resources of the Hospital, and
(7) The investment policy of the Hospital.

Return Objectives and Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets that attempt to maintain a sufficient liquidity to ensure the funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that meet or exceed (net of fees) the market index, or blended market index, as identified in the policy. The Hospital expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation or depreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The primary objective of the endowment is to provide support of the operating needs of the Hospital. Consequently, the Hospital's spending policy provides for discretionary appropriations of investment return.

Note (15) Related Party Transactions

The Hospital is a member of a group of related organizations. Other members of the group and a summary of their functions are listed below:

Blessing Corporate Services, Inc. is the parent organization of the group and provides overall direction and control to all entities within the structure and operates a division of practicing physicians.

Blessing Affiliates, Inc. is currently inactive.

BlessingCare Corporation - Missouri is currently inactive.

BlessingCare Corporation - Illinois operates a not-for-profit acute care hospital in Pittsfield, Illinois.

The Blessing Foundation, Inc. provides financial support for services and programs promoting the improvement and availability of healthcare services within the community.

Denman Services, Inc. (a taxable corporation) engages in the business of selling and renting medical equipment and operating a commercial laundry and is a wholly owned subsidiary of Blessing Corporate Services, Inc.

CHS Holding Company (a taxable corporation) provides health insurance products and services through its subsidiaries (Current Health Administrators, LLC and Current Health Network, LLC). CHS Holding Company is a wholly owned subsidiary of Blessing Corporate Services, Inc.

Blessing Walk-In Clinic, LLC operates health clinics in retail facilities and is a wholly owned subsidiary of Blessing Corporate Services, Inc.

Illini Health Services, LLC operates a pharmacy business in Pittsfield, Illinois and is ninety-five percent (95%) owned by Denman Services, Inc. and five percent (5%) owned by BlessingCare Corporation - Illinois.

Note (15) Related Party Transactions (Cont'd.)

Following is a summary of activity for the related organizations for the year ended September 30, 2017:

	The Blessing Foundation, Inc.	BlessingCare Corporation dba Illini Community Hospital	Blessing Corporate Services, Inc. and Subsidiaries*
Assets	$ 42,632,551	$ 23,659,760	$ 36,223,788
Liabilities	$ 7,112,348	$ 8,677,676	$ 13,117,615
Equity	$ 35,520,203	$ 14,982,084	$ 23,106,173
Increase (Decrease) In Net Assets For Year	$ 2,757,627	$ 1,211,955	$ 12,781,198
Accounts receivable (payable) by Blessing Hospital from (to) related organizations at September 30, 2017	$ 511,761	$ 267,696	$ (9,851,037)

* Blessing Corporate Services, Inc. is the sole stockholder of Denman Services, Inc., CHS Holding Company, and Blessing Walk-In Clinic, LLC and thus, records the investment in those entities using the equity method of accounting. Accordingly, Blessing Corporate Services, Inc. and Subsidiaries' financial information presented above includes the investment in those entities and the resulting income from equity in earnings from the subsidiaries.

** Blessing Affiliates, Inc. and BlessingCare Corporation - Missouri are not presented above as there is no financial activity.

During the years ended September 30, 2017 and 2016, the Hospital transferred $41,653,314 and $24,754,390, respectively, to its parent, Blessing Corporate Services, Inc. During the years ended September 30, 2017 and 2016, Blessing Hospital paid $15,951,283 and $17,988,912, respectively, to Blessing Corporate Services, Inc. for management services. In addition, Blessing Hospital received $897,029 for management services and $2,287,769 for laboratory services from Blessing Corporate Services, Inc. during the year ended September 30, 2017 for services provided to the physician group. Blessing Corporate Services, Inc. leases administrative offices from the Hospital under a one year lease. Rent paid by Blessing Corporate Services, Inc. to the Hospital during the years ended September 30, 2017 and 2016 totaled $180,068 and $179,664, respectively.

During the years ended September 30, 2017 and 2016, BlessingCare Corporation paid $495,700 and $411,690, respectively, to Blessing Hospital for laboratory and other services.

Denman Services, Inc. purchases various supplies, services, and health insurance from Blessing Hospital. Amounts paid for these items totaled $1,171,634 and $890,671 for the years ended September 30, 2017 and 2016, respectively. Denman also leases real estate from Blessing Hospital under various lease agreements. Rent paid by Denman to Blessing Hospital during the years ended September 30, 2017 and 2016 totaled $121,938 and $118,524, respectively.

Note (15) Related Party Transactions (Cont'd.)

Blessing Hospital has contracted with Denman Services, Inc. to provide biomedical services to the Hospital. The Hospital has paid Denman Services, Inc. $1,182,843 and $1,169,964 for these services for the years ended September 30, 2017 and 2016, respectively, under this contract. Denman Services, Inc. also provides linen services to Blessing Hospital. During the years ended September 30, 2017 and 2016, Blessing Hospital paid Denman Services, Inc. $1,117,385 and $1,113,009, respectively, for these services. In addition, Blessing Hospital in the course of its operations, purchases certain medical supplies from Denman Services, Inc. Amounts paid for these supplies totaled $110,387 and $119,546 for the years ended September 30, 2017 and 2016, respectively.

During the years ended September 30, 2017 and 2016, Blessing Hospital received restricted grants from The Blessing Foundation, Inc. for the support of various activities and programs. The restricted grants totaled $1,650,000 and $1,167,420 for the years ended September 30, 2017 and 2016, respectively. During the years ended September 30, 2017 and 2016, respectively, $1,520,213 and $1,059,386 were released from restrictions and included in net assets released from restrictions and used for operations. In addition, The Blessing Foundation, Inc. conducted a fundraising campaign to raise funds for the patient care addition being constructed by the Hospital. Because the entities are financially interrelated, contributions to the campaign are recorded by the Hospital as temporarily restricted revenue when pledged or contributed and as an asset (Interest in Net Assets of The Blessing Foundation, Inc.) on the balance sheet until funds are transferred to the Hospital. During the years ended September 30, 2017 and 2016, campaign pledges and contributions included in restricted revenue and 'Interest in Net Assets of The Blessing Foundation, Inc.' totaled $105,620 and $126,121, respectively. These amounts were released from restriction in the same year as contributed. During the years ended September 30, 2017 and 2016, campaign contributions included $100,000 from Blessing Volunteers in Partnership.

Blessing Hospital leases medical office space from The Blessing Foundation, Inc. The lease agreement provides for monthly rental payments of approximately $7,400 with a 3% annual rent increase. The lease agreement expires on October 18, 2023. The Hospital also leased two clinic spaces from The Blessing Foundation, Inc. The first lease can be renewed until July 1, 2020 and calls for monthly payments of approximately $6,500. The second lease expired June 30, 2017 and called for monthly payments of approximately $3,700. A portion of the clinic space is subleased by the Hospital to an unrelated entity. Rent expense paid to The Blessing Foundation during the years ended September 30, 2017 and 2016 totaled $201,937 and $208,727, respectively.

Current Health Administrators, LLC (a subsidiary of CHS Holding Company) has contracted with Blessing Hospital to lease employees. Under this contract, Current Health Administrators, LLC paid Blessing Hospital $103,402 during the year ended September 30, 2017.

During the year ended September 30, 2016, Blessing Hospital entered into an agreement to loan $711,262 to BFM Keokuk Clinic, LLC, a partnership owned 50% by Blessing Corporate Services, Inc. The loan is repayable over 20 years at an interest rate of 4.1%. At September 30, 2017 and 2016, the loan balance was $669,588 and $693,766, respectively.

Note (16) Concentrations Of Credit Risk

Blessing Hospital maintains cash balances in several financial institutions in Quincy, Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At September 30, 2017 and 2016, Blessing Hospital's cash balances exceeded the basic FDIC limit by $50,179,736 and $42,492,088, respectively, which include outstanding checks. At September 30, 2016, all of the excess except $45,707 was secured by repurchase agreements. At September 30, 2017, all of the excess except $69,509 was secured by repurchase agreements or sweeps to money market funds. The Hospital does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents.

The Hospital routinely invests in money market funds. Investments in money market funds are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

The Hospital is located in Quincy, Illinois. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

The mix of receivables from patients and third-party payors was as follows at September 30:

	2017	2016
Medicare	18 %	22 %
Medicaid	26	33
Blue Cross	7	6
Other Third-Party Payors	44	33
Patient Responsibility	5	6
	100 %	100 %

Note (17) Fair Value Measurements

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates fair value based on their short-term nature.

Accounts receivable: The carrying value of accounts receivable approximates fair value due to their short-term nature and historical collectability.

Investments: Fair values, which are the amounts reported in the balance sheet, are measured on a recurring basis using quoted market prices in active markets for identical assets (Level 1), if available. If Level 1 inputs are not available, amounts are estimated using quoted market prices in active markets for similar securities (Level 2) or measured using an external appraisal (Level 3).

Assets limited as to use: These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the balance sheet is fair value.

Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates fair value due to the short-term nature of the obligations.

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates fair value.

Note (17) Fair Value Measurements (Cont'd.)

The carrying amounts and estimated fair values of the Hospital's financial instruments at September 30, 2017 and 2016 are as follows:

	September 30			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	$ 55,716,216	$ 55,716,216	$ 46,821,266	$ 46,821,266
Patient accounts receivable	60,536,041	60,536,041	51,876,955	51,876,955
Short-term investments	154,375,650	154,375,650	141,014,378	141,014,378
Assets limited as to use	18,576,002	18,576,002	15,868,745	15,868,745
Financial Liabilities:				
Accounts payable and accrued expenses	41,565,130	41,565,130	48,529,875	48,529,875
Estimated third-party payor settlements	16,570,000	16,570,000	11,746,000	11,746,000

The following are the major categories of assets measured at fair value on a recurring basis during the years ended September 30, 2017 and 2016, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	Fair Value	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs
Year Ended September 30, 2017				
Marketable Equity Securities	$ 79,458,456	$ 79,458,456	$ -	$ -
Government Bonds	8,649,794	-	8,649,794	-
Government Backed Securities	3,067,116	-	3,067,116	-
Corporate Mortgage/Asset Backed Securities	7,735,524	-	7,735,524	-
Foreign Bonds	738,109	-	738,109	-
Corporate Bonds	16,536,617	-	16,536,617	-
Money Market Accounts	344,988	344,988	-	-
Mutual Funds	36,816,683	36,816,683	-	-
Managed Futures/Hedge Funds*	2,069,445	-	-	-
Certificates Of Deposits	13,183,666	13,183,666	-	-
Other Assets	2,894,254	2,894,254	-	-
Real Property	1,457,000	-	-	1,457,000
Total	$ 172,951,652			

Note (17) Fair Value Measurements (Cont'd.)

	Fair Value	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs
Year Ended September 30, 2016				
Marketable Equity Securities	$ 74,649,311	$ 74,649,311	$ -	$ -
Government Bonds	11,026,021	-	11,026,021	-
Government Backed Securities	6,151,981	-	6,151,981	-
Corporate Mortgage/Asset Backed Securities	5,695,213	-	5,695,213	-
Foreign Bonds	497,840	-	497,840	-
Corporate Bonds	13,182,857	-	13,182,857	-
Mutual Funds	26,120,962	26,120,962	-	-
Managed Futures/Hedge Funds*	2,077,814	-	-	-
Certificates Of Deposits	13,171,277	13,171,277	-	-
Other Assets	2,413,838	2,413,838	-	-
Real Property	1,457,000	-	-	1,457,000
Total	$ 156,444,114			

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Note (18) Rental Income

The Hospital leases various parcels of property to several businesses as well as individuals. Non-cancelable operating lease terms generally range from 36 to 120 months. Rental income was $1,242,222 and $1,193,876 for the years ended September 30, 2017 and 2016, respectively. Future minimum rental payments to be received on non-cancelable operating leases are contractually due as follows as of September 30, 2017:

2018	$ 699,816
2019	395,891
Total	$ 1,095,707

Note (19) Operating Leases

The Hospital has entered into several operating leases for equipment and real estate. The lease terms generally range from monthly leases to 120 months. Total rental expense for the periods ended September 30, 2017 and 2016 was $3,578,008 and $3,465,335, respectively.

The following is a schedule of future minimum lease payments on significant leases for the next five years:

2018	$	2,286,051
2019		2,028,641
2020		1,728,843
2021		1,741,252
2022		1,753,875
Total	$	9,538,662

Note (20) Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	Year Ended September 30	
	2017	2016
Health care services	$ 215,323,328	$ 209,949,459
General and administrative	94,769,654	86,013,842
Total	$ 310,092,982	$ 295,963,301

Note (21) Subsequent Event

Subsequent to September 30, 2017, Blessing Hospital's parent, Blessing Corporate Services, Inc., will acquire a physician clinic and its subsidiaries. In connection with the acquisition, Blessing Corporate Services, Inc. borrowed $20 million under a taxable term loan on December 29, 2017. The principal due in three years at maturity. The loan is guaranteed by Blessing Hospital.