

E-059-18

ORIGINAL

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

OCT 30 2018

Facility/Project Identification

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

| | | | |
|--------------------|--|----------------------|-------------------------------|
| Facility Name: | DMG Pain Management Surgery Center (Reserve) | | |
| Street Address: | 2940 Rollingridge Road, Suite 201 | | |
| City and Zip Code: | Naperville, IL 60564 | | |
| County: | DuPage | Health Service Area: | 009 Health Planning Area: 197 |

Legislators

| | |
|----------------------------|------------------|
| State Senator Name: | Michael Connelly |
| State Representative Name: | Grant Wehrli |

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

| | |
|-------------------------------------|------------------------------------|
| Exact Legal Name: | Naperville Medical Properties, LLC |
| Street Address: | One Town Center Road, Suite 300 |
| City and Zip Code: | Boca Raton, FL 33486 |
| Name of Registered Agent: | The Corporation Trust Company |
| Registered Agent Street Address: | 1209 Orange Street |
| Registered Agent City and Zip Code: | Wilmington, DE 19801 |
| Name of Chief Executive Officer: | Albert Rabil, III |
| CEO Street Address: | One Town Center Road, Suite 300 |
| CEO City and Zip Code: | Boca Raton, FL 33486 |
| CEO Telephone Number: | 561-300-6200 |

Type of Ownership of Applicants

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

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which 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: | Joe Ourth |
| Title: | Attorney |
| Company Name: | Saul Ewing Arnstein & Lehr LLP |
| Address: | 161 N. Clark Street, Suite 4200, Chicago, IL 60601 |
| Telephone Number: | 312-876-7815 |
| E-mail Address: | joe.ourth@saul.com |
| Fax Number: | 312-876-6215 |

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
 APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility/Project Identification

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

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| Exact Legal Name: | KAREP V MO REIT, LLC |
| Street Address: | One Town Center Road, Suite 300 |
| City and Zip Code: | Boca Raton, FL 33486 |
| Name of Registered Agent: | The Corporation Trust Company |
| Registered Agent Street Address: | 1209 Orange Street |
| Registered Agent City and Zip Code: | Wilmington, DE 19801 |
| Name of Chief Executive Officer: | Albert Rabil, III |
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| CEO City and Zip Code: | Boca Raton, FL 33486 |
| CEO Telephone Number: | 561-300-6200 |

Type of Ownership of Applicants

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

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| State Senator Name: | Michael Connelly |
| State Representative Name: | Grant Wehrli |

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

| | |
|-------------------------------------|---|
| Exact Legal Name: | Rollingridge Center, LLC |
| Street Address: | 8649 Health Drive |
| City and Zip Code: | Burr Ridge, IL 60527 |
| Name of Registered Agent: | Gregory F. Steil |
| Registered Agent Street Address: | 949 Cleveland Road |
| Registered Agent City and Zip Code: | Hinsdale, IL 60521 |
| Name of Chief Executive Officer: | Gregory F. Steil, President of Ameri-Fit Corporation, its Manager |
| CEO Street Address: | 949 Cleveland Road |
| CEO City and Zip Code: | Hinsdale, Illinois 60521 |
| CEO Telephone Number: | 630.202.5202 |

Type of Ownership of Applicants

| | | | | |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------------|
| <input type="checkbox"/> | Non-profit Corporation | <input type="checkbox"/> | Partnership | |
| <input type="checkbox"/> | For-profit Corporation | <input type="checkbox"/> | Governmental | |
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| Telephone Number: | 312-876-7815 |
| E-mail Address: | joe.ourth@saul.com |
| Fax Number: | 312-876-6215 |

Additional Contact [Person who is also authorized to discuss the Application]

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

Post Exemption Contact

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

| | |
|-------------------|---|
| Name: | Gregg Graines |
| Title: | General Counsel & Senior Vice President |
| Company Name: | MBRE Healthcare |
| Address: | 181 W. Madison, Suite 4700, Chicago, IL 60602 |
| Telephone Number: | 312-487-5960 |
| E-mail Address: | ggraines@mbres.com |
| Fax Number: | 312-807-3853 |

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

| | |
|---|---|
| Exact Legal Name of Site Owner: | Naperville Medical Properties, LLC |
| Address of Site Owner: | One Town Center Road, Suite 300, Boca Raton, FL 33486 |
| 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 after the Project is Complete

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

| | | | |
|--|---|--------------------------|---------------------|
| Exact Legal Name: | DMG Pain Management Surgery Center, LLC | | |
| Address: | 2940 Rollingridge Road, Suite 201, Naperville, IL 60564 | | |
| <input type="checkbox"/> | Non-profit Corporation | <input type="checkbox"/> | Partnership |
| <input type="checkbox"/> | For-profit Corporation | <input type="checkbox"/> | Governmental |
| <input checked="" type="checkbox"/> | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship |
| | | <input type="checkbox"/> | Other |
| <ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | | | |

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

Organizational Relationships

Provide (for each 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.

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. 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.

DMG Pain Management Surgery Center, LLC (the "License Holder") is located within a medical office building located at 2940 Rollingridge Road, Naperville (the "Property"). The current owner of that Property is Rollingridge Center, LLC ("Existing Owner"). The Property is improved with an approximately 37,743 square foot medical office building (the "Building"). The License Holder is a sub-tenant in the Building and leases approximately 2,702 square feet of the Building (the "Leased Space"). The License Holder and the Existing Owner are unrelated, unaffiliated entities.

This application for a certificate of exemption is for the change in ownership of the physical plant only and there is no change to the ownership or operation of the facility. The License Holder is unrelated to the Existing Owners, and is not party to the proposed transaction.

The Existing Owner has executed a Purchase and Sale Agreement dated as of October 3, 2018 to sell the Property, through assignment, to Naperville Medical Properties, LLC (the "New Owner"). The purchase agreement for the Property is subject to the approval of a COE by the Review Board. The purchase price for the Property is \$12,950,000 and the Property will be conveyed to the New Owner through a special warranty deed which will be recorded with the Cook County Recorder's Office. The New Owner is controlled by and majority owned by KAREP V MO REIT, LLC, a real estate investment trust (REIT) focused on investing in health care real estate.

As the Leased Space represents approximately 7.2% percent of the total square feet of the Building, the estimated value of the Property attributable to the Leased Space is approximately \$927,083. The acquisition of the Property by the New Owner is not expected to result in any changes in the operations of the License Holder or the activities or operations conducted in the Lease Space.

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 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Purchase Price: | \$927,083 | |
| Fair Market Value: | \$927,083 | |

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes ___ No X. If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

Anticipated exemption completion date (refer to Part 1130.570): December 31, 2018

State Agency Submittals NA / Real Estate Only

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 being deemed incomplete.

CERTIFICATION

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

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

This Application is filed on the behalf of **Naperville Medical Properties, LLC**

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application 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.

Imbarant
SIGNATURE

Krysta Bavisik
PRINTED NAME

Authorized Signatory
PRINTED TITLE

[Signature]
SIGNATURE

Gess Grani
PRINTED NAME

Authorized Signatory
PRINTED TITLE

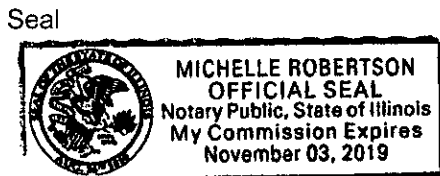
Notarization:
Subscribed and sworn to before me
this 29 day of October, 2018

[Signature]
Signature of Notary



Notarization:
Subscribed and sworn to before me
this 29 day of October, 2018

[Signature]
Signature of Notary



*Insert the EXACT legal name of the applicant

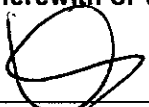
CERTIFICATION

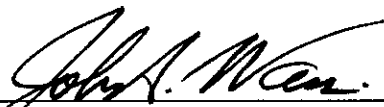
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- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, 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 **KAREP V MO REIT, LLC**

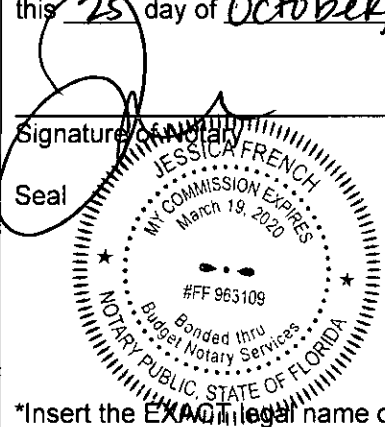
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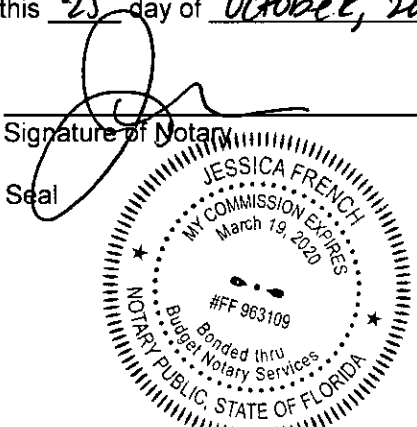

SIGNATURE
S. David Setznick
PRINTED NAME
Vice President
PRINTED TITLE


SIGNATURE
John A. Wain
PRINTED NAME
Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 25 day of October, 2018

Notarization:
Subscribed and sworn to before me
this 25 day of October, 2018

Signature of Notary

Seal
JESSICA FRENCH
MY COMMISSION EXPIRES
March 19, 2020
#FF 963109
Bonded thru
Budget Notary Services
NOTARY PUBLIC, STATE OF FLORIDA

Signature of Notary

Seal
JESSICA FRENCH
MY COMMISSION EXPIRES
March 19, 2020
#FF 963109
Bonded thru
Budget Notary Services
NOTARY PUBLIC, STATE OF FLORIDA

*Insert the EXACT legal name of the applicant

This Application is filed on the behalf of **Rollingridge Center, LLC**

*

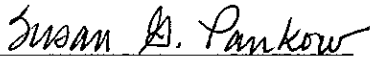
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided 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.


SIGNATURE

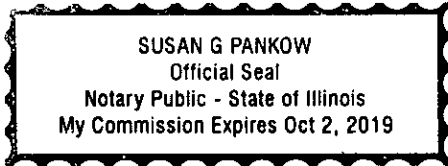
Gregory F. Steil
PRINTED NAME

President of Ameri-Fit Corporation, Manager
of Rollingridge Center, LLC
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 21st day of October, 2018


Signature of Notary

Seal



SIGNATURE

PRINTED NAME

PRINTED TITLE

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

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

SECTION II. BACKGROUND.

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 listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

This Application is filed on the behalf of **Rollingridge Center, LLC**

*

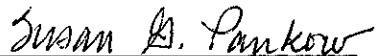
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SIGNATURE

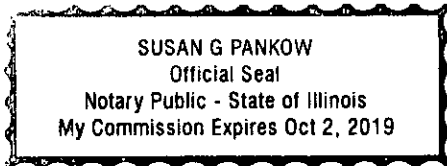
Gregory F. Steil
PRINTED NAME

President of Ameri-Fit Corporation, Manager
of Rollingridge Center, LLC
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 21st day of October, 2018


Signature of Notary

Seal



SIGNATURE

PRINTED NAME

PRINTED TITLE

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

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

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SECTION II. BACKGROUND.

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3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
4. 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.**
5. If, during a given calendar year, an applicant submits more than one Application, 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 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

SECTION III. CHANGE OF OWNERSHIP (CHOW)

Transaction Type. Check the Following that Applies to the Transaction:

- Purchase resulting in the issuance of a license to an entity different from current licensee.
- Lease resulting in the issuance of a license to an entity different from current licensee.
- Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- Stock transfer resulting in no change from current licensee.
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- Change of ownership among related persons resulting in a license being issued to an entity different from the current licensee
- Change of ownership among related persons that does not result in a license being issued to an entity different from the current licensee.
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

| APPLICABLE REVIEW CRITERIA | CHOW |
|--|-------------|
| 1130.520(b)(1)(A) - Names of the parties | X |
| 1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. | X |
| 1130.520(b)(1)(C) - Structure of the transaction | X |
| 1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction | |
| 1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons. | X |
| 1130.520(b)(1)(F) - Fair market value of assets to be transferred. | X |
| 1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)] | X |
| 1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section | X |
| 1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction | X |
| 1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community | X |

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
 CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2018-2 Edition

| | |
|---|---|
| 1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership; | X |
| 1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control; | X |
| 1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body; | X |
| 1130.520(b)(8) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility | X |
| 1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition. | X |

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

SECTION IV.CHARITY CARE INFORMATION

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 7.

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

APPEND DOCUMENTATION AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

| INDEX OF ATTACHMENTS | | |
|-----------------------------|--|--------------|
| ATTACHMENT NO. | | PAGES |
| 1 | Applicant Identification including Certificate of Good Standing | 18-24 |
| 2 | Site Ownership | 25 |
| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | 26 |
| 4 | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc. | 27-29 |
| 5 | Background of the Applicant | 30 |
| 6 | Change of Ownership | 31-34 |
| 7 | Charity Care Information | 35 |

Section I, Identification, General Information and Certification

Attachment 1, Type of Ownership of Applicants

An organizational chart showing the current corporate structure of the Applicants along with the post-closing ownership structure of the Applicants is included in Attachment 4. Good standing certificates for the Applicants are also attached:

1. DMG Pain Management Surgery Center, LLC (the "Surgery Center"): the Surgery Center is an Illinois limited liability company and is the licensed operator of DMG Pain Management Surgery Center (the "Surgery Center). The Surgery Center leases space within a medical office building for its surgery center. Other than the lease, the Surgery Center has no relationship or affiliation with the owner of the property. The License Holder is not a party to the transaction involving the realty, and is included for informational purposes, but not as an applicant.
2. Rollingridge Center, LLC: is an Illinois limited liability company and the current owner of the medical office building in which the Surgery Center is located. Rollingridge Center, LLC is owned by various investors, none with a controlling interest. An Illinois Certificate of Good Standing is attached.
3. Naperville Medical Properties, LLC ("Medical Properties"): is a Delaware limited liability company and will be the entity that will hold title to the real property under the proposed transaction. An Illinois Certificate Good Standing is included.
4. KAREP V MO REIT, LLC ("KAREP"): KAREP is a Delaware limited liability company. KAREP is a real estate investment trust and is the controlling entity of Naperville Medical Properties, LLC and is consequently included as a co-applicant. Because KAREP performs no operations in Illinois, it is not required to obtain authorization to do business in Illinois, but a Delaware Certificate of Good Standing is included.



OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

OCTOBER 25, 2018

0713551-3

NATIONAL REGISTERED AGENTS INC
208 SO LASALLE ST, SUITE 814
CHICAGO, IL 60604-1101

RE NAPERVILLE MEDICAL PROPERTIES, LLC

DEAR SIR OR MADAM:

IT HAS BEEN OUR PLEASURE TO APPROVE YOUR REQUEST TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS. WE EXTEND OUR BEST WISHES FOR SUCCESS WITH YOUR BUSINESS HERE.

PLEASE NOTE! THE LIMITED LIABILITY COMPANY MUST FILE AN ANNUAL REPORT PRIOR TO THE FIRST DAY OF THIS MONTH OF ADMISSION NEXT YEAR. FAILURE TO TIMELY FILE MAY RESULT IN A PENALTY AND REVOCATION. A PRE-PRINTED ANNUAL REPORT WILL BE MAILED TO THE REGISTERED AGENT AT THE REGISTERED OFFICE ADDRESS APPROXIMATELY 45 DAYS BEFORE THE DUE DATE.

A LIMITED LIABILITY COMPANY THAT INTENDS TO PROVIDE A PROFESSIONAL SERVICE REGULATED BY THE ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION MUST REGISTER WITH THAT AGENCY.

PUBLICATIONS/FORMS AND OTHER SERVICES ARE AVAILABLE ON OUR WEBSITE. VISIT WWW.CYBERDRIVEILLINOIS.COM TO VIEW THE STATUS OF THIS COMPANY, PURCHASE A CERTIFICATE OF GOOD STANDING, OR EVEN FILE THE ANNUAL REPORT REFERRED TO IN THE EARLIER PARAGRAPH.

SINCERELY YOURS,

JESSE WHITE
ILLINOIS SECRETARY OF STATE
DEPARTMENT OF BUSINESS SERVICES
LIMITED LIABILITY DIVISION
(217) 524-8008

07135513

Form **LLC-45.5**

May 2012

Secretary of State
Department of Business Services
Limited Liability Division
501 S. Second St., Rm. 351
Springfield, IL 62756
217-524-8008
www.cyberdriveillinois.com

Illinois
Limited Liability Company Act
**Application for Admission to
Transact Business**

FILE #

This space for use by Secretary of State.

FILED

OCT 25 2018

**JESSE WHITE
SECRETARY OF STATE**

SUBMIT IN DUPLICATE

Type or Print Clearly.

This space for use by Secretary of State.

Payment must be made by certified check, cashier's check, Illinois attorney's check, C.P.A.'s check or money order payable to Secretary of State.

Filing Fee: ~~\$500~~ 150

Penalty: \$

Approved: *KH*

1. Limited Liability Company Name: Naperville Medical Properties, LLC

2. Assumed Name: _____
(This item is only applicable if the company name in Item 1 is not available for use in Illinois, in which case form LLC 1.20 must be completed and submitted with this application.)

3. Jurisdiction of Organization: Delaware

4. Date of Organization: 10/23/18

5. Period of Duration: Perpetual
(Enter Perpetual unless there is a Date of Dissolution provided in the agreement, in which case enter that date.)

6. Address of the Principal Place of Business: (P.O. Box alone or c/o is unacceptable.)
c/o Kayne Anderson Real Estate, 1 Town Center Road, Suite 300
Number Street Suite #
Boca Raton, FL 33486
City State ZIP Code

7. Registered Agent: National Registered Agents, Inc.
First Name Middle Name Last Name
Registered Office: 208 South LaSalle Street, Suite 814
Number Street Suite #
(P.O. Box alone or c/o is unacceptable.)
Chicago IL 60604
City Zip Code

Note: The registered agent must reside in Illinois. If the agent is a business entity, it must be authorized to act as agent in this state.

8. If applicable, Date on which Company first conducted business in Illinois: _____

(continued on back)

LLC-45.5

9. Purpose(s) for which the Company is Organized and Proposes to Conduct Business in Illinois: Real Estate

10. The Limited Liability Company: (check one)

a. is managed by the manager(s) (List names and addresses.)

b. has management vested in the member(s) (List names and addresses.)

Medical Properties V JV, LLC

1 Town Center Road, Suite 300

Boca Raton, FL 33486

11. The Illinois Secretary of State is hereby appointed the agent of the Limited Liability Company for service of process under circumstances set forth in subsection (b) of Section 1-50 of the Illinois Limited Liability Company Act.

12. This application is accompanied by a Certificate of Good Standing or Existence, duly authenticated within the last 60 days, by the officer of the state or country wherein the LLC is formed.

13. The undersigned affirms, under penalties of perjury, having authority to sign hereto, that this application for admission to transact business is to the best of my knowledge and belief, true, correct and complete.

Dated: October 23, 2018
Month, Day, Year

Meegan Motisi
Signature

Meegan T. Motisi, Authorized Person
Name and Title (type or print)

If applicant is signing for a Company or other Entity, state Name of Company and indicate whether it is a member or manager of the LLC.

Delaware

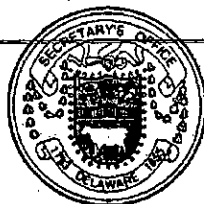
Page 1

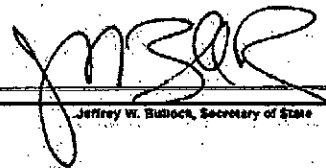
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "NAPERVILLE MEDICAL PROPERTIES, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIFTH DAY OF OCTOBER, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "NAPERVILLE MEDICAL PROPERTIES, LLC" WAS FORMED ON THE TWENTY-THIRD DAY OF OCTOBER, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.




Jeffrey W. Bullock, Secretary of State

7115579 8300

SR# 20187322441

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 203682293

Date: 10-25-18

ATTACHMENT-1

Delaware

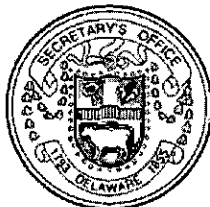
Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KAREP V MO REIT, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIFTH DAY OF OCTOBER, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "KAREP V MO REIT, LLC" WAS FORMED ON THE TWENTY-FOURTH DAY OF APRIL, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



6390580 8300

SR# 20187324202

You may verify this certificate online at corp.delaware.gov/authver.shtml

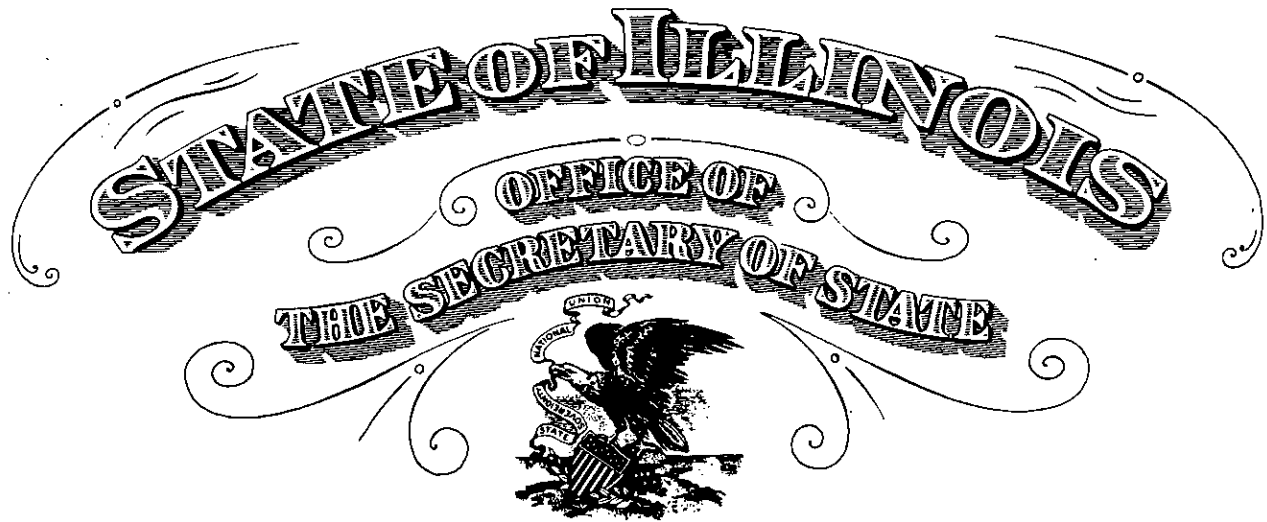
A handwritten signature in black ink, appearing to read "JBULLOCK", written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 203683010

Date: 10-25-18

ATTACHMENT-1



To all to whom these Presents Shall Come, Greeting:

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

ROLLINGRIDGE CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON MAY 28, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 24TH day of OCTOBER A.D. 2018 .



Authentication #: 1829702680 verifiable until 10/24/2019
Authenticate at: <http://www.cyberdriveillinois.com>

Jesse White

SECRETARY OF STATE

ATTACHMENT-1

CERTIFICATES OF GOOD STANDING FOLLOW

Section I, Identification, General Information and Certification

Attachment 2, Site Ownership

DMG Pain Management Surgery Center is a tenant in the office building at 2940 Rollingridge Road in Naperville. There should be no change in the surgery center operations as a result of this transaction. The transaction is for the sale of the realty only. The site is presently owned by Rollingridge Center, LLC. In this proposed transaction the underlying real property will be sold to Naperville Medical Properties, LLC. The property will be managed by MB Real Estate Services, Inc.

Section I, Identification, General Information and Certification

Attachment 3, Operating Identity/Licensee

DMG Pain Management Surgery Center, LLC will continue to be the licensed entity operating the facility.

DMG Pain Management Surgery Center, LLC is an Illinois limited liability company.

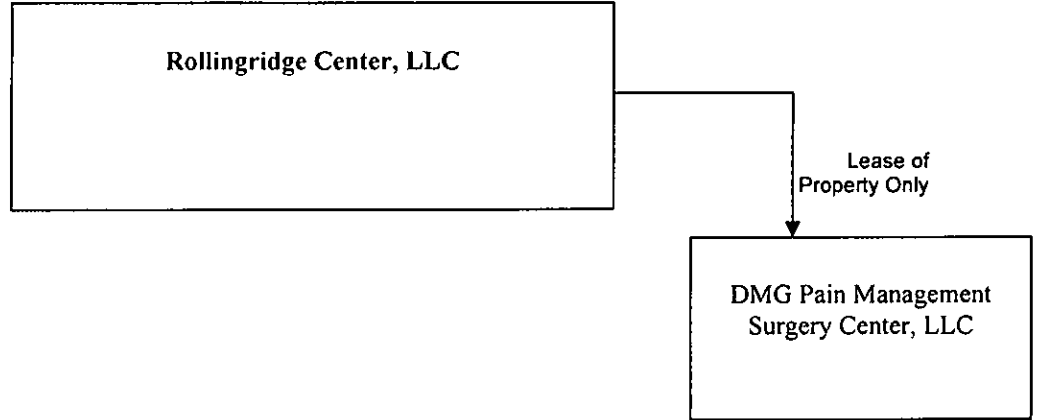
An organizational chart showing the current ownership structure of the realty companies and DMG Pain Management Surgery Center, LLC is included in Attachment 4. There should be no change in the licensee's structure as a result of this transaction.

Section I, Identification, General Information and Certification

Attachment 4, Organizational Relationships

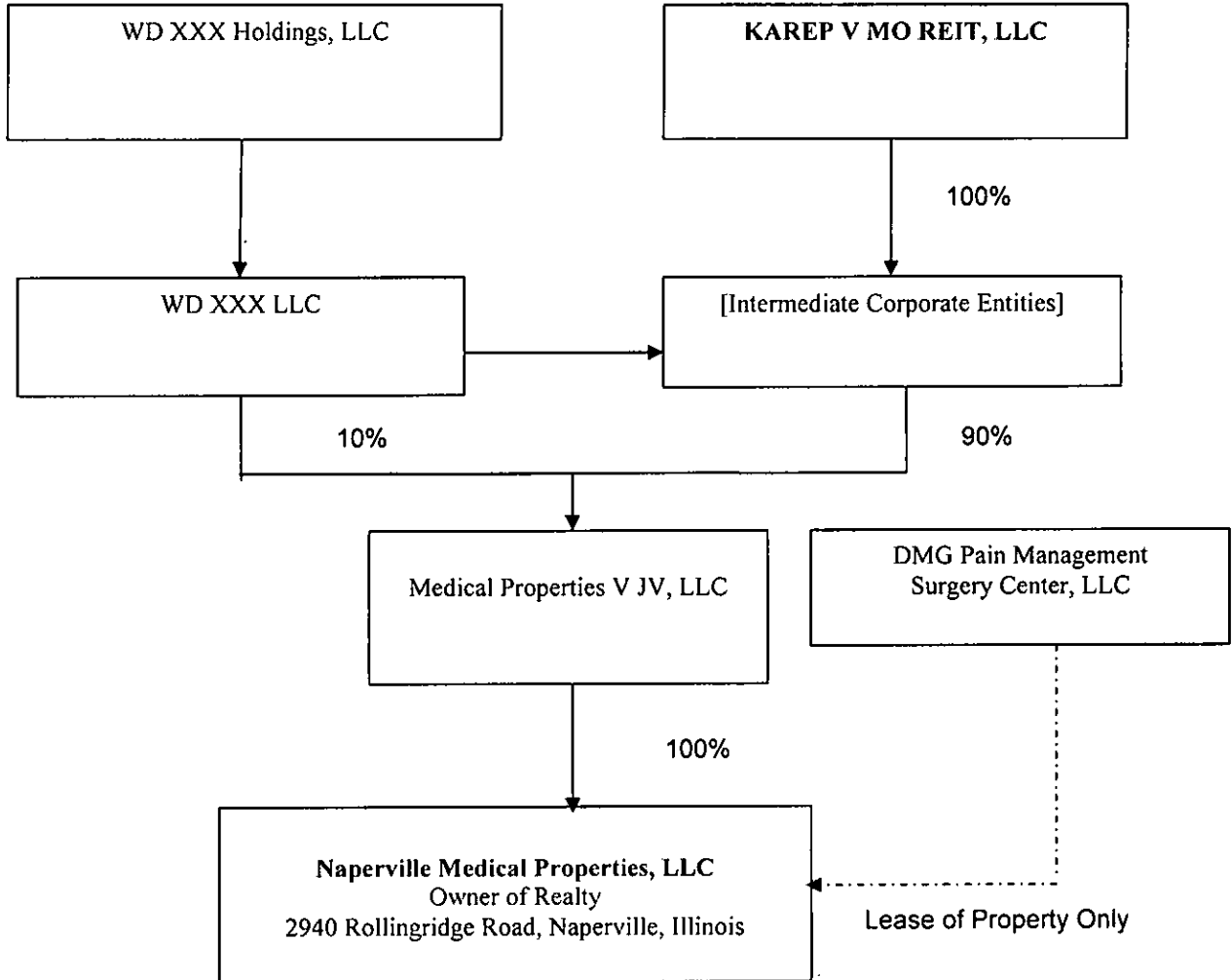
Current Organization Chart

2940 Rollingridge Road
(DMG Pain Management Surgery Center)
Realty Only



Post Closing Organizational Chart

**2940 Rolling Ridge Road
(DMG Pain Management Surgery Center)
Realty Only**



Bold names denote necessary applicants

Section II, Background

Attachment 5, Background

1. **A listing of all health care facilities owned or operated by the Applicant, including licensing, and certificate if applicable.**

The Applicants operate no health facilities.

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.**

By their signatures on the Certification pages to this application, each of the Applicants attest that to the best of their knowledge no adverse action has been taken against any health facility owned and/or operated by them during the three (3) years prior to the filing of this 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.**

By their signatures to the Certification pages to this application, each of the Applicants authorize HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: (i) official records of DPH or other State agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

Section III, Change of Ownership

Attachment 6, Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

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

1. 1130.520(b)(1)(A), Names of Parties:

An organizational chart showing the current corporate structure of the entities listed as b through e below (the “Applicants”) and the surgery center, along with the post-closing ownership structure of the Applicants is included in Attachment 4. Good standing certificates for the Applicants are also attached

- a. DMG Pain Management Surgery Center, LLC (the “Surgery Center”): The Surgery Center is an Illinois limited liability company and is the licensed operator of DMG Pain Management Surgery Center. The Surgery Center leases space within a medical office building for its surgery center. Other than the lease, the Surgery Center has no relationship or affiliation with the owner of the Property. There is no change in any operations at the Surgery Center as a result of this transaction. The Surgery Center is not affiliated and not a party to the transaction involving the realty, and is included for informational purposes, but not as an applicant.
- b. Rollingridge Center, LLC: Rollingridge Center, LLC is an Illinois limited liability company and the current owner of the medical office building in which the Surgery Center is located.
- c. Naperville Medical Properties LLC (“Medical Properties”): Medical Properties is a Delaware limited liability company and will be the entity that will hold title to the real property under the proposed transaction. An Illinois certificate authorizing Medical Properties to do business in Illinois is included.
- d. KAREP V MO REIT, LLC (“KAREP”): KAREP is a Delaware limited liability company. KAREP is a real estate investment trust and is the controlling entity of Medical Properties and is consequently included as a co-applicant. Because KAREP performs no operations in Illinois, it is not required to obtain authorization to do business in Illinois, therefore an Illinois Certificate of Good Standing for a foreign limited liability company is not applicable, but a Delaware Certificate of Good Standing is included.

2. **1130.520(b)(1)(B), Background of Parties:** Each of the Applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able and have the qualifications, background and character to adequately provide a proper standard of health service for the community.

By their signatures on the Certification pages to this application, each of the Applicants attest that to the best of their knowledge no adverse action has been taken against any health facility owned and/or operated by each of them during the three (3) years prior to the filing of this application.

3. **1130.520(b)(1)(C), Structure of the Transaction:**

DMG Pain Management Surgery Center, is located within a medical office building located at 2940 Rollingridge Road, Naperville (the "Property"). The current owner of that Property, Rollingridge Center, LLC, through assignment, have executed a Purchase and Sale Agreement dated January 30, 2018 to sell the Property to Naperville Medical Properties, LLC. Closing on the purchase agreement for the Property is subject to the approval of a COE by the Review Board.

The purchase price for the Property is \$12,950,000 and the Property will be conveyed to Medical Properties through a special warranty deed which will be recorded with the Cook County Recorder's Office. Medical Properties is controlled by KAREP. The Surgery Center is not a party to transaction selling the Property. The Property will be managed by MB Real Estate Services, Inc. ("MBRE") after the transaction.

This application for a certificate of exemption is for the change in ownership of the physical plant only and there is no change to the ownership or operation of the facility.

The Property is improved with an approximately 37,743 square foot medical office building (the "Building"). The Surgery Center is a sub-tenant in the Building and leases approximately 2,702 square feet of the Building (the "Leased Space"). As the Leased Space represents approximately 7.2% of the total square feet of the Building, the estimated value of the Property attributable to the Leased Space is approximately \$927,083. The acquisition of the Property by Medical Properties is not expected to result in any changes in the operations of the License Holder or the activities or operations conducted in the Lease Space.

4. **1130.520(b)(1)(D), Name of Licensed Entity after Transaction:** DMG Pain Management Surgery Center, LLC will continue to be the licensed entity after the

Proposed Transaction. There is no change in the licensed entity as a consequence of the Proposed Transaction.

5. **1130.520(b)(1)(E), List of Ownership/Membership Interests in Licensed Entity Prior to and After Transaction:** An organizational chart showing the current ownership structure of the Applicants, along with the post-closing ownership structure, is included in Attachment 4. Good standing certificates for each of the Applicants are included in Attachment 1.
6. **1130.520(b)(1)(F), Fair Market Value of Assets to be Transferred:** The purchase price for the entire medical office building is \$12,950,000. The space leased by DMG Pain Management Surgery Center is approximately 7.2% of the total Building, meaning the fair market value of the licensed surgery center space would be approximately \$927,083. The transaction is among unrelated parties and the purchase price would be the fair market value.
7. **1130.520(b)(1)(G), Purchase Price or Other Forms of Consideration to be Provided:** The purchase price for the entire medical office building is \$12,950,000. The space leased by DMG Pain Management Surgery Center is approximately 7.2% of the total Building, meaning the purchase price attributes to the licensed surgery center space would be approximately \$927,083.
8. **1130.520(b)(2), Affirmations:** In accordance with 77 Ill. Adm. Code §1130.520, each of the Applicants affirm the following:
 - a. The transaction documents contain a provision that closing is subject to COE approvals.
 - b. No adverse action has been taken against any of the Applicants by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by any of the Applicants, directly or indirectly, within the past three years.
 - c. Any projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Adm. Code §1130.520.
 - d. The Applicants understand that failure to complete the transaction in accordance with the applicable provisions of Section 1130.500(d) no later than 24 months from the date of exemption approval and failure to comply with the material change requirements of this Section will invalidate the exemption.

9. **1130.520(b)(2), Statement as to the Anticipated Benefits of the Proposed Changes in Ownership to the Community.**

There should be no change in the operation of the Applicant facility as a result of the proposed transaction.

10. **1130.520(b)(2), Statement as to the Anticipated or Potential Cost Savings, if any, That Will Result for the Community and the Facility as a Result of the Change in Ownership.**

There should be no change in the operation of the Applicant facility as a result of the proposed transaction.

11. **1130.520(b)(2), Description of the Facility's Quality Improvement Program Mechanism that will be Utilized to Assure Quality Control.**

There should be no change in the operation of the Applicant facility as a result of the proposed transaction.

12. **1130.520(b)(2), Description of the applicants' organizational structure, including a listing of controlling or subsidiary persons.**

Diagrams illustrating the ownership structure, both current and post transaction, are provided in Attachment 4.

13. **1130.520(b)(2), Description of the selection process that the acquiring entity will use to select the facility's governing body.**

There should be no change in the process for selecting the governing board of the facility as a result of the proposed transaction.

14. **1130.520(b)(2), Statement that the applicants have prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility.**

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

15. **1130.520(b)(2), Description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months after acquisition.**

To the best of the Applicants' knowledge there are no proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within twenty-four (24) months as a result of the transaction.

Section IV, Charity Care Information

Attachment 7, Charity Care Information

| CHARITY CARE | | | |
|----------------------------------|--------------------|--------------------|--------------------|
| | 2014 | 2015 | 2016 |
| Net Patient Revenue | \$4,097,444 | \$4,846,460 | \$3,323,875 |
| Amount of Charity Care (charges) | 0 | 0 | 0 |
| Cost of Charity Care | 0 | 0 | 0 |

This transaction is for the realty only and does not involve the licensed entity.

SAUL EWING
ARNSTEIN
& LEHR ^{LLP}

Joe Ourth
Phone: 312.876.7815
joe.ourth@saul.com
www.saul.com

October 29, 2018

Via Overnight Courier

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

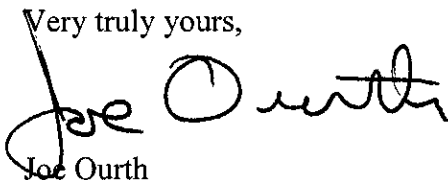
Re: Change of Ownership COE Application
2940 Rollingridge Road, Naperville, Illinois (Realty Only)
(DMG Pain Management Surgery Center)

Dear Ms. Avery:

Enclosed please find our application for a Change of Ownership Certificate of Exemption Application. This application relates to a change in ownership of the real property located at 2940 Rollingridge Road, Naperville (the "Property").

The Property is currently owned by Rollingridge Center, LLC and will be sold to Naperville Medical Properties, LLC. DMG Pain Management Surgery Center is a licensed ASTC which is a sub-tenant in a portion of the Property. The Surgery Center is an unrelated party and is not a party to the sale of the Property and is not a co-applicant to this application.

A check for the \$2,500.00 application filing fee is attached. As always, we look forward to working with you on this application.

Very truly yours,

Joe Ourth

JRO:eka
Enclosures

161 North Clark ♦ Suite 4200 ♦ Chicago, IL 60601
Phone: (312) 876-7100 ♦ Fax: (312) 876-0288

DELAWARE FLORIDA ILLINOIS MARYLAND MASSACHUSETTS NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP