ORIGINAL

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FACILITIES & REVIEW BOARD

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

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name Westmont Surgery Center, LLC, d/b/a Salt Creek Surgery Center
Address 530 North Cass Avenue
City Westmont Zip Code 60559 County DuPage
Name of current licensed entity for the facility Westmont Surgery Center, LLC, d/b/a Salt Creek Surgery Center
Does the current licensee: own this facility ____ OR lease this facility x (if leased, check if sublease □)
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental x Limited Liability Company ____ Other, specify ____
Illinois State Senator for the district where the facility is located: Sen. Chris Nybo
State Senate District Number 24 Mailing address of the State Senator 929 S. Main Street, Unit 105B, Lombard, IL 60418

Illinois State Representative for the district where the facility is located: Rep. Patricia R. Bellock
State Representative District Number 47 Mailing address of the State Representative 1 South Cass Avenue, Suite 205, Westmont, IL 60559

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

3. NAME OF APPLICANT (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant Hinsdale Orthopaedic Associates, S.C.
Address 550 West Ogden Avenue
City, State & Zip Code Hinsdale, IL 60521
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation x For Profit Corporation ____ Partnership ____ Governmental ____ Limited Liability Company ____ Other, specify ____

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

Exact Legal Name of Entity to be Licensed Westmont Surgery Center, LLC, d/b/a Salt Creek Surgery Center
Address 530 North Cass Avenue
City, State & Zip Code Westmont, IL 60559
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental x Limited Liability Company ____ Other, specify ____

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

Exact Legal Name of Entity That Will Own the Site MPG Westmont Surgery Center, LLC
Address 40 Skokie Boulevard, Suite 410
City, State & Zip Code Northbrook, IL 60062
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental x Limited Liability Company ____ Other, specify ____

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3. NAME OF APPLICANT (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant Edward Health Ventures
Address 801 South Washington Street
City, State & Zip Code Naperville, IL 60540
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
x Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental _____
Limited Liability Company _____ Other, specify _____

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3. NAME OF APPLICANT (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant Edward-Elmhurst Healthcare
Address 801 South Washington Street
City, State & Zip Code Naperville, IL 60540
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
x Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _ _ Governmental _____
Limited Liability Company _____ Other, specify _____

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6. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

o Purchase resulting in the issuance of a license to an entity different from current licensee;

o Lease resulting in the issuance of a license to an entity different from current licensee;

o Stock transfer resulting in the issuance of a license to a different entity from current licensee;

X Stock transfer resulting in no change from current licensee;

o Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;

o Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;

o Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;

o Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;

o Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;

o Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;

o Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

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

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

9. ANTICIPATED ACQUISITION PRICE: $ 2,380,000

10. FAIR MARKET VALUE OF THE FACILITY: $ 3,359,000
(to determine fair market value, refer to 77 IAC 1130.140)

11. DATE OF PROPOSED TRANSACTION: June 1, 2016

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

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

14. TRANSACTION DOCUMENTS. Provide a copy of the complete transaction document(s) including schedules and exhibits which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities and Services Review Board. Append this document(s) to the application as **ATTACHMENT #5**. N/A – Not required.

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

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

Name: Dave Kanzler, CEO Hinsdale Orthopaedic Associates, S.C.
Address: 550 West Ogden Avenue
City, State & Zip Code: Hinsdale, IL 60521
Telephone ( ) Ext. 630-794-8688

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

Name: Ericka Adler
Address: Roetzel, 20 South Clark Street, Suite 300
City, State & Zip Code: Chicago, IL 60603
Telephone ( ) Ext. 312-582-1602

18. CERTIFICATION

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

Signature of Authorized Officer

Typed or Printed Name of Authorized Officer Dr. Giridhar Burra

Title of Authorized Officer: President, Hinsdale Orthopaedic Associates SC

Address: 550 West Ogden Avenue

City, State & Zip Code: Hinsdale, IL 60521

Telephone (630) 704-8688 Date: February 19, 2016

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

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

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Signature of Authorized Officer

Typed or Printed Name of Authorized Officer Bill Kottmann

Title of Authorized Officer: President, Edward Health Ventures, System VP Physician & Ambulatory Network, Edward-Elmhurst Healthcare

Address: 801 South Washington Street

City, State & Zip Code: Naperville, IL 60564

Telephone (630) 527-3624 Date: February 19, 2016

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

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Signature of Authorized Officer

Typed or Printed Name of Authorized Officer Pamela Meyer Davis

Title of Authorized Officer: System President and CEO, Edward-Elmhurst Healthcare

Address: 801 South Washington Street

City, State & Zip Code: Naperville, IL 60564

Telephone (630) 527-3010 Date: February 19, 2016

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Signature of Authorized Officer

Typed or Printed Name of Authorized Officer Dr. Michael Durkin

Title of Authorized Officer: President, Westmont Surgery Center, d/b/a Salt Creek Surgery Center

Address: 801 South Washington Street

City, State & Zip Code: Naperville, IL 60540

Telephone (630) 323-6169 Date: February 19, 2016

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

Section 1130.50, Information Requirements for Change of Ownership of a Health Care Facility

The following statements are provided in response to review criteria found in Section 1130.50

1. The Applicants affirm the following:
    a. 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;
    b. Any projects for which permits have been issued have been completed or will be completed in accordance with the provisions of 77 Ill. Adm. Code 1130.520; and
    c. A statement will be submitted to the Board within 90 days following the close of the transaction to complete the project.

2. Benefits of the proposed change of ownership:
   HOA ownership will allow for greater physician control over surgery center operations and allow for the consolidation of HOA cases in a cost effective setting. Furthermore, this transaction will improve access for patients needing orthopedic surgery which is projected to be the fast growing surgical service line over the next five to ten years. It will also allow better coordination and tracking with HOA's outcomes reporting platform and participation in a national Musculoskeletal Outcomes Shared Platform registry created to improve clinical outcomes.

3. Description of the facility's quality improvement program mechanism that will be utilized to assure quality control:
   A physician-led quality committee will oversee processes for tracking and reporting quality and outcome metrics as well as quality improvement initiatives.

4. The selection process for the governing body will be consistent with the established operating agreement.

5. A written response addressing the review criteria contained in 77 ILL. Adm. Code 1110.240 will be made available for public review.

6. The Westmont Surgery Center, LLC will continue to be a multi-specialty surgical treatment center following the completion of the proposed change in ownership and no reduction in the scope of services is anticipated. Furthermore, this transaction will improve access for patients needing orthopedic surgery which is projected to be the fast growing surgical service line over the next five to ten years.

APPLICATION FEE

Attachment #1

Attached is a check in the amount of $2,500 payable to the Illinois Department of Public Health for the required application fee.

SOURCE OF FUNCING

Attachment #2

Hinsdale Orthopaedic Associates, S.C. ("HOA") proposes to acquire, upon the Review Board's approval, 70% of the ownership interest in Westmont Surgery Center, LLC, d/b/a Salt Creek Surgery Center ("SCSC") for a purchase price of Two Million Three Hundred Eighty Thousand Dollars ($2,380,000). This acquisition will be funded from a bank loan secured from FNBC Bank and Trust.

ATTACHMENT 2

NARRATIVE OF TRANSACTION

Attachment #3

The Westmont Surgery Center, LLC, d/b/a/ the Salt Creek Surgery Center (SCSC) began operations in September 2002 as a joint venture of 32 independent surgeons. On December 13, 2013, the IHFSRB approved a change of ownership in the Center whereby Edward Health Ventures (EHV), a wholly owned subsidiary of Edward-Elmhurst Healthcare (EEH) acquired 60% ownership, with the remaining 40% retained by the individual surgeons. The following is a brief description of the Center:

- Located at 530 N. Cass Avenue, Westmont, IL (intersection of Ogden Ave. and Cass Ave.)
- 15,000 square foot facility with 4 operating rooms
- Licensed by ILDPH, accredited by JCAHO, certified by CMS
- Licensed as a multi-specialty Ambulatory Surgery Treatment Center (ASTC), currently including the specialties of orthopedics, podiatry, neurology, pain management, dermatology and plastic surgery.

SCSC is currently owned by 28 individual physicians (collectively 40% of ownership interest) and EHV (60% ownership interest). In the proposed transaction, contingent on IHFRB approval, Hinsdale Orthopedic Associates, S.C. ("HOA") will acquire the shares owned by individual physician investors and 50% of the shares owned by EHV, equating to total ownership interest of 70%. The organizational structure pending project approval is presented on the following page. This shows that, following the transaction, HOA will hold 70% of the ownership interest in SCSC and EHV will hold 30% of the ownership interest in SCSC. HOA will finance the transaction through a cash transaction, utilizing a loan secured by FNBC Bank and Trust.

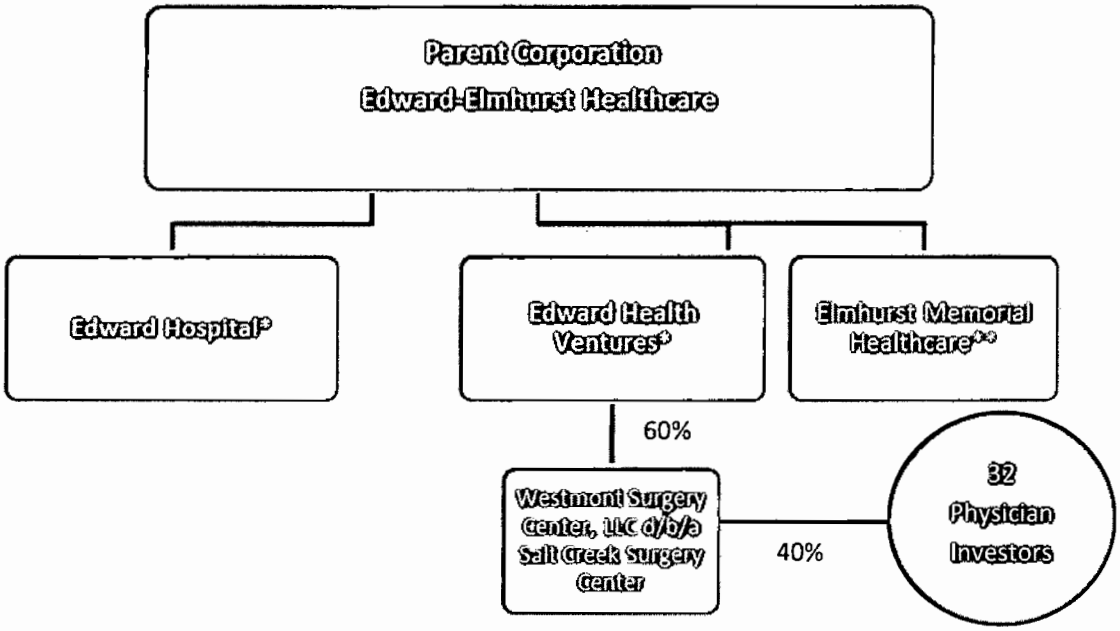
The estimated purchase price for the 70% ownership interest is $2,380,000, based on an external and independent fair market value assessment. The transaction is expected to close on or before June 1, 2016.

The physical plant for the facility is owned by MPG Westmont Surgery Center, LLC, which will continue to lease the facility to Salt Creek Surgery Center upon completion of the transaction. No name change is contemplated, and the license will remain as Westmont Surgery Center, LLC, d/b/a Salt Creek Surgery Center.

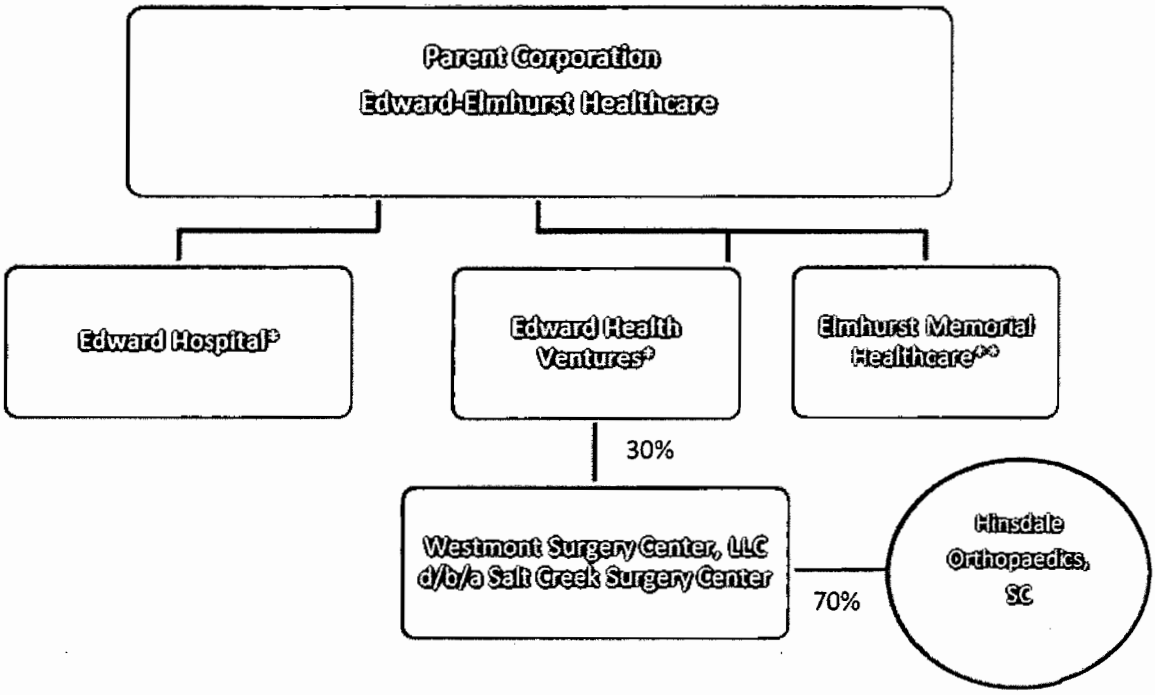
As a condition of approval, a statement will be submitted to the Board within 90 days post-closing date of the transaction, certifying that the change of ownership has been completed in accordance with the key terms contained in this application.

ATTACHMENT 3

Pre-Transaction



Post-Transaction



*Edward Obligated Group

**Elmhurst Obligated Group

ATTACHMENT 3

BACKGROUND OF APPLICANT

Attachment #4

Certificates of Good Standing for co-Applicants Hinsdale Orthopaedics, SC, Edward Health Ventures, Edward-Elmhurst Healthcare, and the Westmont Surgery Center, LLC, d/b/a the Salt Creek Surgery Center are provided as Attachment #4.

Hinsdale Orthopaedic Associates, S.C. ("HOA") is an Illinois medical corporation founded in 1950 with one location and currently has seven locations in Hinsdale, Western Springs, Westmont, Elmhurst, Naperville, New Lenox and Joliet. HOA has 18 shareholders, 12 employed physicians with 18 other physician assistants. HOA has long been recognized as a pioneer in orthopedics and sports medicine, and provides numerous outreach programs to area schools, professional and collegiate teams.

Edward Health Ventures is a wholly owned subsidiary of Edward-Elmhurst Healthcare, the parent and sole corporate member of Edward Hospital, Edward Health Ventures and Elmhurst Memorial Hospital.

ATTACHMENT 4

BACKGROUND OF APPLICANT

Attachment #4

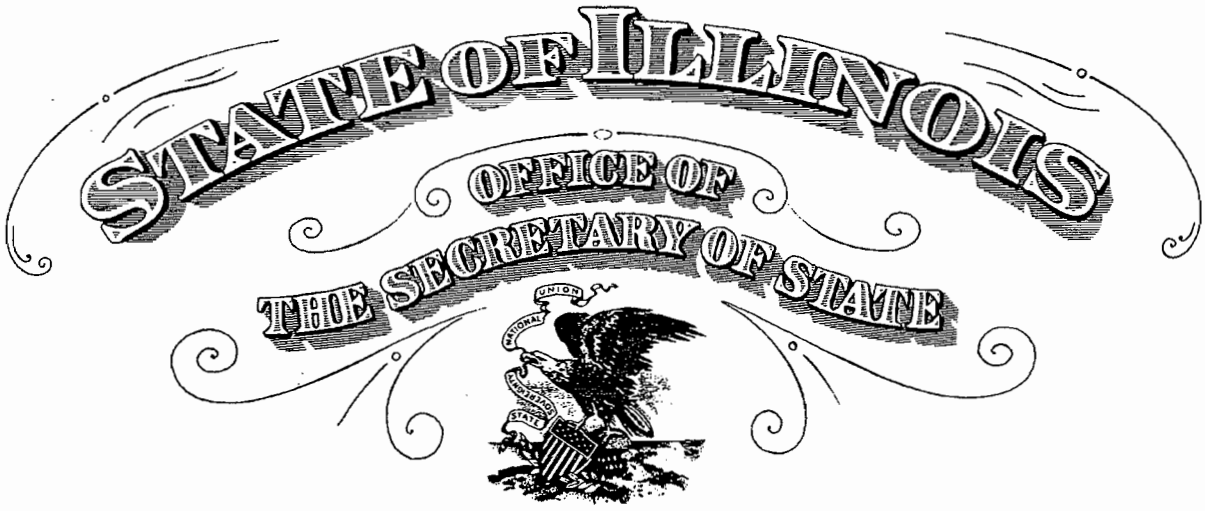
Current investors in Westmont Surgery Center, LLC, d/b/a Salt Creek Surgery Center

Address: Westmont Surgery Center, 530 N. Cass Ave. Westmont, IL 60559

Class	Name	Current % Interest
B	Edwards Health Ventures	60.00%
A	Kris Alden, M.D., Ph.D.	1.18%
A	Steven Bardfield	1.18%
A	Steven C. Chudik, M.D.	1.18%
A	Michael Collins, M.D.	1.18%
A	Benjamin G. Domb, M.D.	1.18%
A	Michael C. Durkin, M.D.	2.35%
A	Bradley D. Dworsky, M.D.	1.18%
A	Marc Fajardo	1.18%
A	Mark A. Lorenz, M.D.	1.18%
A	Steven Louis, M.D.	1.18%
A	Victor Romano, M.D.	1.18%
A	Paul M. Trksak, M.D.	1.18%
A	Leah R. Urbanosky, M.D.	2.35%
A	Gregory Dairyko M.D.	1.18%
A	Dale J. Buranosky, D.P.M.	1.18%
A	Rahul Gokhale, M.D.	3.53%
A	Christina Kuo, M.D.	1.18%
A	Joanne Labriola	2.35%
A	Bryan W. Lapinski, M.D.	1.18%
A	Lawrence Lieber, M.D.	1.18%
A	Steven J. Mash, M.D.	1.18%
A	Steven E. Mather, M.D.	1.18%
A	Brian A. Murphy, M.D.	1.18%
A	Dalip Pelinkovic, M.D.	1.18%
A	John L. Reilly, M.D.	1.18%
A	Vijay Thangamani	1.18%
A	David J. Tulipan, M.D.	1.18%
A	Samuel Vinci, D.P.M.	2.35%
		40.00%

ATTACHMENT 4

File Number 4946-470-3



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

HINSDALE ORTHOPAEDIC ASSOCIATES, S.C., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 07, 1969, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

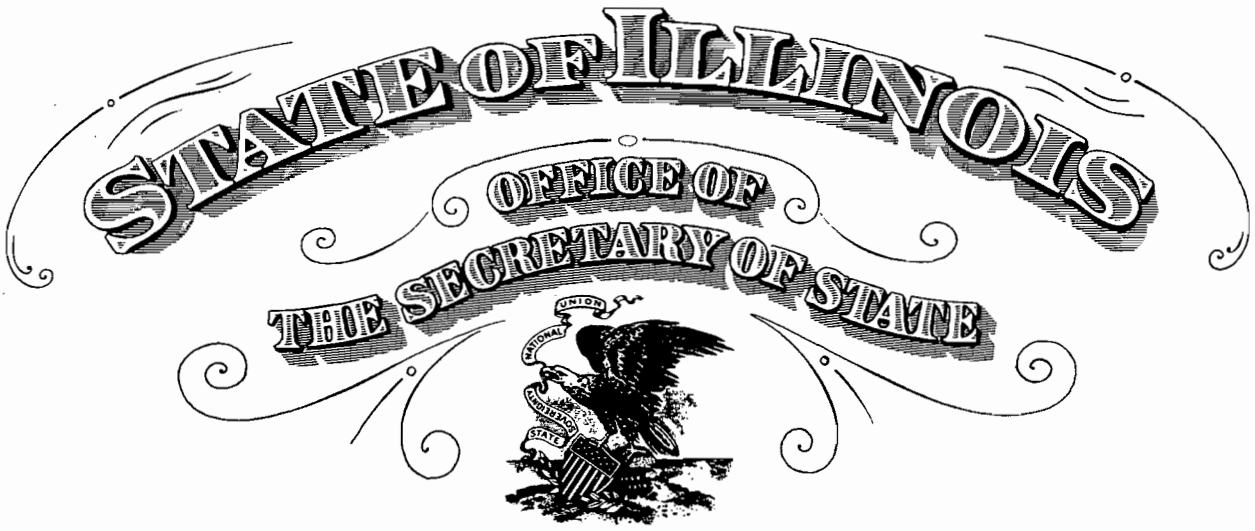
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* FEBRUARY *A.D.* 2016 .

Authentication #: 1604600946 verifiable until 02/15/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

File Number 5419-108-1



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

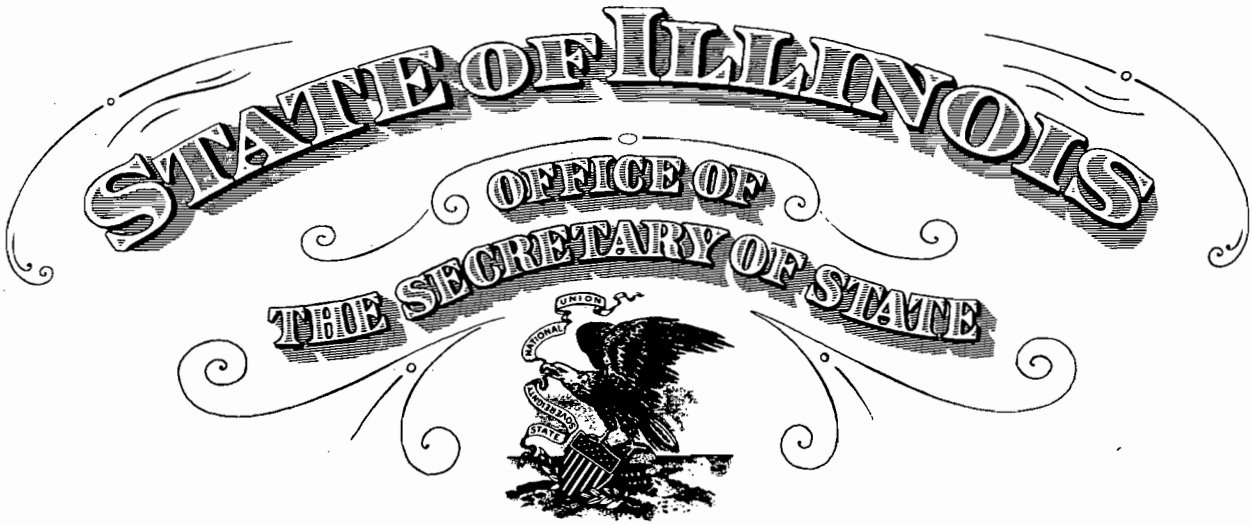
EDWARD HEALTH VENTURES, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 28, 1986, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 18TH *day of* FEBRUARY *A.D.* 2016 .

Authentication #: 1604901022 verifiable until 02/18/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

File Number 5464-307-1



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

EDWARD-ELMHURST HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 27, 1987, 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* 18TH *day of* FEBRUARY *A.D.* 2016 .

Authentication #: 1604900966 verifiable until 02/18/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

File Number 0051479-9

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

WESTMONT SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON FEBRUARY 02, 2001, 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* 17TH *day of* FEBRUARY *A.D.* 2016 .

Authentication #: 1604800234 verifiable until 02/17/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE