



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-08	BOARD MEETING: October 22, 2019	PROJECT NO: 19-038	PROJECT COST: Original: \$19,210,000
FACILITY NAME: Alden Courts of Waterford		CITY: Aurora	
TYPE OF PROJECT: Substantive			HSA: VIII

PROJECT DESCRIPTION: The Applicants (Waterford Rehab & Courts, LLC, Alden of Waterford Investments, LLC, Alden Courts of Waterford, LLC, and The Alden Group, Ltd.) propose to convert 44 Sheltered Care Nursing beds to 40 skilled nursing (LTC) beds on the campus of its Continuum of Care Retirement Community (CCRC), located in Aurora, at a cost of \$835,000. The anticipated completion date is March 31, 2021.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Waterford Rehab & Courts, LLC, Alden of Waterford Investments, LLC, Alden Courts of Waterford, LLC, and The Alden Group, Ltd.) propose to convert its remaining two sheltered care units consisting of 44 beds to 40 skilled nursing /Long Term Care beds, increasing the skilled nursing bed complement at the facility from 20 to 60 skilled nursing/LTC beds. The reported project cost is \$835,000. The anticipated completion date is March 31, 2021.
- Alden Courts of Waterford is currently a 64-unit memory care/assisted living facility, located on the campus of Alden of Waterford, located in Aurora, Illinois.
- Alden of Waterford is a Continuum of Care Retirement Community (CCRC), serving retirement-age residents with the following:
 - Alden Courts: 64 Bed Memory Care Unit (20 skilled nursing/44 sheltered care beds)
 - Alden of Waterford: 99-Bed Nursing and Rehabilitation Center
 - Alden Gardens: 121-Bed Assisted Living/Sheltered Care Center
 - Alden Horizons: 98-Unit Apartment complex containing 30 villas
 - The Lakes of Waterford: 33 Senior Living Duplexes
 - The Superior of Waterford: 18 Deluxe Senior Living Duplexes (currently under construction)
- Alden of Waterford is a Continuum of Care Retirement Community (CCRC), with open admission policies that allow its residents to age in place and advance progressively through the services offered on the Alden campus. The open admission policy allows admissions from outside the retirement community, if there are vacancies.

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but none was requested. No opposition letters were received by the State Board Staff. Six letters of support have been received for this project.
 - State Senator Linda Holmes, 42nd District
 - State Representative Barbara Hernandez, 83rd District
 - State Representative Stephanie Kifowit, 84th District
 - Richard C. Irvin, Mayor, City of Aurora
 - William Catching, Township Supervisor, Aurora Township
 - Scheketa Hart-Burns, Ward 7 Alderman, City of Aurora

SUMMARY:

- There is a calculated need for 115 LTC Beds in the Kane County Planning Area per the September 2019 update to the Inventory.
- The construction/modernization required for the proposed project is minimal, and is necessary only to meet current nursing standards.
- The applicants addressed a total of 15 criteria and appear to have met them all.

STATE BOARD STAFF REPORT
Alden Courts of Waterford
PROJECT #19-038

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Waterford Rehab & Courts, LLC Alden of Waterford Investments, LLC Alden Courts of Waterford, LLC The Alden Group, Ltd.
Facility Name	Alden Courts of Waterford
Location	1991 Randi Drive Aurora, Illinois
Application Received	August 23, 2019
Application Deemed Complete	August 27, 2019
Review Period Ends	December 25, 2019
Permit Holder	Alden Courts of Waterford, LLC
Operating Entity/Licensee	Alden Courts of Waterford, LLC
Owner of the Site	Waterford Rehab & Courts, LLC
Project Financial Commitment Date	October 22, 2020
Gross Square Footage	30,864 GSF
Project Completion Date	March 31, 2021
Expedited Review	Yes
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The Applicants (Waterford Rehab & Courts, LLC, Alden of Waterford Investments, LLC, Alden Courts of Waterford, LLC, and The Alden Group, Ltd.) are proposing to convert 44 sheltered care beds, currently serving its memory care unit, to 40-skilled nursing/Long Term Care (LTC) increasing the total long term care bed complement from 20 to 60 beds. The LTC unit is located on the campus of Alden of Waterford Continuum of Care Retirement Community (CCRC), in Aurora, Illinois. The cost of the project is \$835,000. The anticipated completion date is March 31, 2021.

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1125.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1125.800

III. General Information

The Applicants are Waterford Rehab & Courts, LLC, Alden of Waterford Investments, LLC, Alden Courts of Waterford, LLC, and The Alden Group, Ltd. The Alden Group, Ltd. was incorporated as a domestic for-profit corporation in May 1980, Waterford Rehab & Courts, LLC, as a domestic limited liability corporation in December 2009, Alden Courts of

Waterford, a domestic limited liability corporation in October 1999, and Alden Waterford Investments was registered as a limited liability corporation in September 1999. All four entities remain registered in good standing with the Illinois Secretary of State.

Waterford Rehab & Courts, LLC will own the site and will also be the operating entity/licensee of the facility.

Financial commitment for this project will occur after permit issuance. This is a substantive project subject to an 1125 review, including 1125.800.

Substantive Projects are projects that are defined in the Act and classified as substantive. *Substantive projects include no more than the following:*

- *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- *Projects proposing a new service or a discontinuation of a service; shall be reviewed by the Board within 60 days.*
- *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

IV. Health Planning Area

The facility will be in the Kane County Long Term Care Planning Area. The State Board is currently projecting a calculated need for 115 long term care beds by CY 2020 for the Kane County Long Term Care Planning Area.

V. Project Details

Alden Courts of Waterford proposes to convert its remaining 44 sheltered care beds housed in one building containing two units, to skilled nursing/Long Term Care. Considered as “Phase II” to the applicants, the proposed project will add 40 skilled nursing beds to the existing 20-bed LTC bed complement, resulting in a 60-bed LTC unit. The existing bed units will be modernized to serve LTC patients, and modernization/new construction will be minimal. The proposed project is considered as being the final phase in converting its sheltered care units to skilled care.

The modernization will result in two 20-bed units, housed in 30,8654 GSF of space. The building in its entirety consists of 40,118 GSF of space, and upon project completion, will contain the entire 60-bed skilled nursing unit. All beds will be licensed under the Illinois Department of Public Health Long Term license and certified by Medicare and Medicaid.

VI. Project Costs and Sources of Funds

The Applicants are funding this project in its entirety with cash in the amount of \$835,000.
There is no estimated start-up and operating deficit cost.

TABLE TWO

Project Uses and Sources of Funds

Uses of Funds	Reviewable	Non- reviewable	Total	% of Total Costs
Modernization Contracts	\$337,928	\$262,072	\$600,000	71.8%
Contingencies	\$33,793	\$26,207	\$60,000	7.2%
Architectural & Engineering Fees	\$22,529	\$17,471	\$40,000	4.8%
Moveable or Other Equipment	\$33,793	\$26,207	\$60,000	7.2%
Consulting and Other Fees	\$42,241	\$32,759	\$75,000	9%
Total	\$470,283	\$364,717	\$835,000	100.00%
Sources of Funds				
Cash	\$470,283	\$364,717	\$835,000	100%
Total	\$11,842,090	\$7,367,910	\$19,210,000	100.00%

VII. General Long Term Care

A) Criterion 1125.520 - Background of the Applicant

To document compliance with this criterion the Applicants must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of LTC service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFSRB shall consider whether adverse actions have been taken against the applicant, or against any LTC facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. An LTC facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be owned by that person or entity. (See Section 1125.140 for the definition of "adverse action".)

The Applicants provided licensure and proof of ownership for thirty-three (33) Long Term Care (LTC) facilities in Illinois. The Applicants note that no adverse actions (Type A violations) have been taken against Alden Courts of Waterford LLC, but has identified 7 facilities under their ownership structure that has encountered some type of violation in the past 3 years (application, p.112)

1. The Applicants provided copies of IDPH licensure for all facilities currently owned by the Applicants [Application for Permit page 78-110]
2. Certificates of Good Standing for the Applicants have been provided as required. An Illinois Certificate of Good Standing is evidence that an Illinois business franchise (i.e. Illinois Corporation, LLC or LP) is in Existence, is authorized to transact business in the state of Illinois and complies with all state of Illinois business requirements and therefore is in "Good Standing" in the State of Illinois. [Application for Permit pages 40-43]
3. As evidence of site ownership, the Applicants provided the most recent tax assessment for the property. [Application for Permit pages 46]
4.  The Applicants provided evidence that the facility is in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.* [Application for Permit page 54-55]
5. The proposed location of the facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State-owned historic resources* (20 ILCS 3420/1). [Application for Permit pages 56-60]

B) Criterion 1125.320 - Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document that the project will provide health services that improve the long-term nursing care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

The Applicants stated:

“This project is more accurately an expansion, or redistribution of services, to better care and treat persons with Alzheimer’s Disease and Related Dementia (ADRD). Specifically, residents with memory impairment progress slowly through the stages of memory loss, and it is best practices to allow elderly to age-in-place regardless of diagnosis. Moreover, it is also best practices to care for general geriatric residents separately from those with dementia. The rationale for this is more about providing the appropriate physical plant environment to nurture residents with ADRD and to minimize confusion, which can lead to frustration, confrontation, and acting out. These are all behaviors that can be harmful to the resident presenting the behavior as well as the residents around them and/or staff to include family members. This project is the result of years of experience in having residents whose medical needs outweigh the programmatic needs dealing with memory impairment, yet the resident cannot remain in a sheltered facility when they need nursing care, nor can they be appropriately placed in the general nursing facility when they still need programming for memory care issues. This project proposes to address the gap in care to improve the health care accessibility of this specific population who have memory impairment, yet require a nursing level of care.”

C) Criterion 1125.330 - Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the LTC needs of the population to be served by the project.

The Applicants considered two alternatives to the proposed project:

1. **Project of Lesser Scope**
2. **Project of Greater Scope**
3. **Joint Venture/Utilize Other Health Care Resources**
4. **Project as Proposed**

- 1) **Project of Lesser Scope:** According to the Applicants, the Option of Lesser Scope was explored through the maintenance of a sheltered level of care for its memory care patients and converting one 20 bed unit to skilled nursing for this population. This 20-bed unit filled immediately and remains at capacity today. In accordance with this alternative, the option was considered to convert an additional 20 beds to skilled care, leaving 22 sheltered care beds remaining. The applicants rejected this alternative, knowing the remaining 22 beds would need to be converted to meet the growing demand for skilled nursing for its memory care patients. Cost of this alternative: \$417,500.
- 2) **Project of Greater Scope:** The Applicants note the existing Alden Courts of Waterford consists of 64 beds, located in three wings. A project of greater scope would require new construction of an additional wing, which is infeasible due to limited space on the Alden campus. Due to the limited space on the campus, this option was rejected, and research regarding a project cost was not pursued.
- 3) **Joint Venture/Utilize Other Resources:** The Applicants acknowledge that the existing facility is already a joint venture. The Alden Group consists of

three separately licensed facilities, combined with 2 unlicensed facilities, all working in unison to provide the best level of care to its patient population. Although under one management structure, each separately licensed facility functions at providing its own service yet maintains cohesive integrity to provide a full spectrum of care to its patient/resident population. The Applicants identified no project costs with this alternative.

- 4) **Project as Proposed:** While each alternative was considered equally, the Applicants felt this alternative was the best to pursue. The option of converting its remaining 44-bed sheltered care bed complement to a 40-bed skilled nursing unit was cost effective, and the best use of existing resources on the Alden Courts campus. Cost of this alternative: \$835,000.

D) Section 1125.530 - Planning Area Need – Review Criterion

To demonstrate compliance with this criterion the Applicants must document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

a) **Bed Need Determination**

The September 2019 Update to the Long-Term Care Inventory estimates a calculated need for 115-long term care beds in the Kane County Planning Area. The proposed project will add 40-long term care beds in the Kane County Planning Area.

b) **Service to Planning Area Residents**

To demonstrate compliance with this sub criterion the Applicants must document that the primary purpose of the project will be to provide necessary LTC to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

The Applicants have attested that as a Continuum of Care Retirement Community, the primary purpose of this project is to serve the residents of the Alden Waterford campus. The Applicants supplied referral data (application, pgs. 121-123), that shows a total of 206 patient referrals were made to the LTC facility in the last two years (7/1/17-6/30/19). Of these referrals, 60% originated from within the 10-mile radius. Additionally, nearly 10% of the referrals were residents who aged in place from within the CCRC campus. In addition, the Applicants supplied 3 referral letters from physicians who have historically referred patients to Alden Courts. Table three identifies the physicians, the zip code of patient origin, historical referrals and projected referrals.

TABLE THREE Referral Data Alden Courts of Waterford				
Physician	Waterford Estates	Waterford Courts	Total	Projected Referrals (annually)
Kalpesh Patel, M.D.	208	131	339	60
Sanjay Thakkar, M.D.	283	145	428	72
Dennis Keane, M.D.	140	107	247	36
TOTAL	631	383	1,014	168
Source: application, pgs. 124-129 Waterford Estates: Physical Rehabilitation Facility Waterford Courts: Memory Care Facility				

The Applicants have met this criterion because the project proposes LTC beds in an HSA that has a calculated bed need.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1125.530)

E) Criterion 1125.550 - Service Demand – Expansion of General Long-Term Care

The number of beds to be added at an existing facility is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service.

The projected referral letters must contain

- 1) total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used;
- 2) An estimated number of prospective residents whom the referral sources will refer annually to the applicant's facility within a 24-month period after project completion. The anticipated number of referrals cannot exceed the referral sources' documented historical LTC caseload. The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share, within a 24-month period after project completion;
- 3) Each referral letter shall contain the referral source's Chief Executive Officer's notarized signature, the typed or printed name of the referral source, and the referral source's address; and
- 4) Verification by the referral sources that the prospective resident referrals have not been used to support another pending or approved Certificate of Need (CON) application for the subject services.

Alden Courts of Waterford is a 64-bed facility caring for a patients with memory impairment. The conversion of 20 of these beds to skilled care has resulted in historical utilization for the last two years of 69% and 81% respectively. Most recently noted, the utilization of these beds in June of 2019 was 78%, which indicates an steady increase in utilization and projected bed need. In addition to the historical and projected referral data contained in Table Three, the Applicant supplied a listing with zip codes (application, p. 133-135) of 70 patients unable to be admitted to the existing 20-bed unit over the last two years, who were placed on a waiting list for memory care services.

Current State Board rules require an estimate of demand based upon referral letters from hospitals or physicians. These referral letters allow the State Board to determine if there will be enough demand for the proposed facility to operate at the State Board's target occupancy of 90%. The Applicants have supplied referral letters suitable to meet the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION SERVICE DEMAND-EXPANSION OF A LONG-TERM CARE FACILITY (77 ILAC 1125.550)

Criterion 1125.590 - Staffing Availability

To demonstrate compliance with this criterion the Applicants must document that relevant clinical and professional staffing needs for the proposed project were considered and that staffing requirements of licensure, certification and applicable accrediting agencies can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

The Applicants supplied staffing information on pages 137 to 143 of the Application that indicates an increase in the nursing complement of 10 employees. The Applicants report having enough list of qualified job applicants on file to address this need and the Board Staff's review of the information provided shows that enough staffing will be available should the proposed project be approved.

G) Criterion 1125.600 - Bed Capacity

To document compliance with this criterion the Applicants must document that the proposed facility does not exceed the maximum bed capacity of a general LTC facility of 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards.

The proposed project will convert 44 sheltered care beds to long term care/skilled nursing, resulting in a 40-bed facility. The Applicants have met the requirements of this criterion.

H) Criterion 1125.610 - Community Related Functions

To document compliance with this criterion the Applicants must document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located.

Support letters were included in the Application for Permit urging the State Board to approve the proposed project: Letters were received from the following:

- Micki Miller, Executive Director, Senior Services Associates
- L. Patrick Reedy, Illinois Chapter Executive Director, Alzheimer's Association
- Jane Hove, Interim President & CEO, Aurora Regional Chamber of Commerce

I) Criterion 1125.620 - Project Size

To demonstrate compliance with this criterion the Applicants must document that the size of the project meets the State Board Standard in Part 1125 Appendix A

Upon project completion, the proposed will comprise 22,595 gross square feet of clinical space, or 376.6 GSF per bed ($22,595/60=376.6$). The State Board Standard is 435-713 gross square feet per bed. The Applicants have met this criterion.

J) Criterion 1125.630 - Zoning

To demonstrate compliance with this criterion the applicant must document one of the following:

- a) The property to be utilized has been zoned for the type of facility to be developed;
- b) Zoning approval has been received; or
- c) A variance in zoning for the project is to be sought

A letter was provided from Edward T. Sieben, Zoning Administrator, City of Aurora Planning & Zoning Division, attesting to the applicants' compliance with the zoning regulations of the area. (application, p. 151)

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING AVAILABILITY, BED CAPACITY, COMMUNITY RELATED FUNCTIONS, ZONING (77 IAC 1125.590, 600, 610, 630))



STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECT SIZE (77 IIAC 1125.620))

K) Criterion 1125.640 - Assurances

To demonstrate compliance with this criterion the Applicants must attest that the proposed number of long term care beds will be at target occupancy within two years after project completion.

The Applicants provided the necessary assurance at page 153 of the Application for Permit signed by Randi Schullo, President, Alden Management Services, Inc.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION ASSURANCE (77 IIAC 1125.640))

VIII. Financial Viability

A) Criterion 1125.800 - Availability of Funds

The Applicants 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.

The Applicants are funding this project in its entirety with cash in the amount of \$835,000. Based upon the audited financial statements the Applicants have sufficient resources to fund this project. [Additional information provided August 23, 2019]

TABLE FIVE
Waterford Rehab & Courts, LLC
(Audited)

	Years Ended December 31 st	
	2017	2016
Cash	\$37,223	\$61,599
Current Assets	\$95,995	\$128,986
Total Assets	\$14,117,092	\$14,671,534
Current Liabilities	\$543,141	\$527,087
LTD	\$21,394,125	\$21,757,237
Total Liabilities	\$21,937,266	\$22,284,324
Net Assets	\$13,682,282	\$14,282,551
Net Rental Revenue	\$1,443,835	\$1,267,138
Net Rental Income	\$1,355,881	\$1,151,011
Net Financial Expense	(\$910,289)	(\$851,123)
Nat Cash Flows from Operations	\$468,256	\$347,598
Net Cash Flows Investing	(\$131,525)	(\$68,649)
Net Cash Flows from Financing	(\$361,107)	(\$299,682)
Cash and Cash Equivalents End of Year	\$37,223	\$61,599

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1125.800)

B) Criterion 1125.800 – Financial Viability

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.

The proposed project is being funded in its entirety with cash and securities (internally), and the applicants supplied Audited Financial Statements attesting to their financial position. In addition, the applicants have a solid history with the Board in regard to project presentation, financing, and completion. The applicants have a history of comprehensive

project planning, execution, and completion in a timely manner. Therefore, this criterion is inapplicable

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1125.800)

IX. Economic Feasibility

A. Criterion 1125.800 - 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 1.5 times for LTC 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.

The Applicants provided the necessary documentation at page 165 of the Application for Permit that borrowing is less costly than liquidating existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA FINANCIAL VIABILITY/REASONABLENESS OF FINANCING ARRANGEMENTS (77 ILAC 1125.800)

B. Criterion 1125.800 - 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.

The Applicants are funding the proposed project in its entirety with cash and securities. Therefore, this criterion is inapplicable.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TERMS OF DEBT FINANCING (77 ILAC 1125.800)

C) Criterion 1125.800 – Reasonableness of Project Costs

The Applicant must document that the project costs meet the State Board Standards as published in 77 ILAC 1125. Appendix B.

Modernization Costs are \$337,928 or \$14.96 per GSF. This appears reasonable when compared to the State Board Standard of \$186.08 per GSF (2020 construction mid-point).

Contingencies Costs are \$33,793 or 10% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Costs are \$22,529 and are 6% of the modernization and contingency costs. This appears reasonable when compared to the State Board Standard of the 9.2% - 13.8%.

Consulting and Other Fees are \$42,241. The State Board does not have a standard for these costs.

Movable and Other Equipment are \$33,793. The State Board does not have a standard for these costs.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OR PROJECT COSTS (77 ILAC 1125.800)

D) Criterion 1125.800 - Direct 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.

The direct operating cost per equivalent patient day is \$129.55 per patient day. The Applicant has addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS (77 IAC 1125.800))

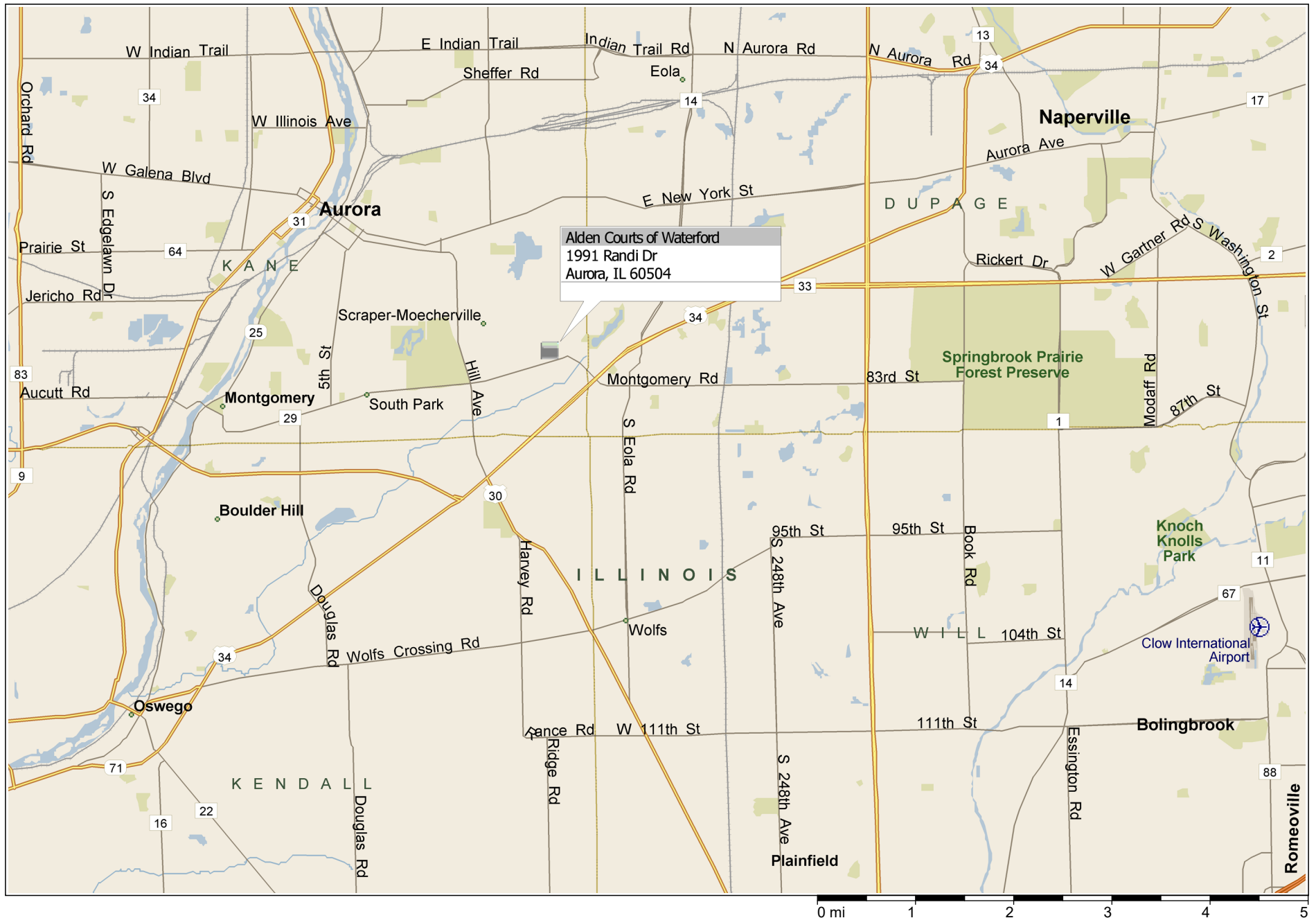
E) Criterion 1125.800 – Total Effect of the Project on Capital Costs

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.

The capital costs per equivalent patient day is \$38.36 per patient day. The Applicant has addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION EFFECT OF PROJECT ON CAPITAL COSTS (77 IAC 1125.800))

19-038 Alden Courts of Waterford - Aurora



Alden Courts of Waterford
1991 Randi Dr
Aurora, IL 60504