# **ORIGINAL**

# ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification					5.0 /0. 12			
	Medical Bu							
	derson Hea		rive					
	ardsville 6	2025						
County: Madison	Heal	th Service	Area: 11		Health Pl	lanning	Area:	F-01
0.60962								
Applicant(s) [Provide for ea	ch applican						270	
Exact Legal Name:			Healthcare					
Street Address:			te Route 16					
City and Zip Code:		Maryville,		2				
Name of Registered Agent:		Keith A. F						
Registered Agent Street Ac			e Route 16					
Registered Agent City and		Maryville,		)62				
Name of Chief Executive O	fficer:	Keith A. P						
CEO Street Address:			e Route 16	2				
CEO City and Zip Code:			IL 62062					
CEO Telephone Number:		618-391-6	3406					
Type of Ownership of Appl	licants							
N 510								
Non-profit Corpora For-profit Corpora			님	Partner				
For-profit Corpora			님	Govern			_	0.0
Limited Liability Co	ompany		LJ	Sole Pr	oprietorship			Other
Corporations and	limited liebi	ih. compon	ioo must ne	ovido on I	llinaia aadif			l standina
<ul><li>Corporations and</li><li>Partnerships must</li></ul>	nrovide the	name of the	nes musi pre	ubich thou	ninois certif	icate of	good	standing.
of each partner sp						eu anu i	ne na	me and address
or each partier op	conjing iii	ctrici caon	is a genera	i or illitile	partiter.			
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APPEND DOCUMENTATION	ON AS ATT	ACHMENT	T IN NUM	ERIC SEC	DUENTIAL C	RDFR	AFTE	RTHELAST
PAGE OF THE APPLICAT								
		-					and the same of th	
Primary Contact [Person to	receive ALI	L correspor	ndence or in	quiries]				
	Lisa Klaust			•				
Title:	Chief Nursi	ng Officer						
Company Name:	Anderson I	Hospital	· · · · · · · · · · · · · · · · · · ·					
Address:		Route 162	Marvvi	lle, IL 62	062			
Telephone Number:	618-391-6	404						
E-mail Address:			rsonhospita	l.ora				
Fax Number:	618-288-4							
Additional Contact [Person			to discuss	the applic	ation for per	mit1		
Name:	Ralph Web			шо аррас	duoti ioi put			
Title:	Consultan							
Company Name:	Weber Alli							
Address:	920 Hoffm		Riverwood	de II en	015			
Telephone Number:	847-791-0		MACIALON	uo, IL. 00	010			
E-mail Address:		0@gmail.co	nm					
Fax Number:	N/A	owyman.co	VIII					

# ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification		
Facility Name: Goshen Medical Bu	uilding	
Street Address: 3417 Anderson Hea	alth Care Drive	
City and Zip Code: Edwardsville	62025	
County: Madison Hea	Ith Service Area: 11	Health Planning Area: HSA F-01
Applicant(s) [Provide for each applican		[20]
Exact Legal Name:	Anderson Hospital	
Street Address:	6800 State Route 16	
City and Zip Code:	Maryville, IL 6206	52
Name of Registered Agent:	Keith A. Page	
Registered Agent Street Address:	6800 State Route 16	62
Registered Agent City and Zip Code:	Maryville, IL 62	2062
Name of Chief Executive Officer:	Keith A. Page	
CEO Street Address:	6800 State Route 16	62
CEO City and Zip Code:	Maryville, IL 62062	
CEO Telephone Number:	618-391-6406	
Type of Ownership of Applicants		
	-	
<ul><li>Non-profit Corporation</li><li>For-profit Corporation</li></ul>	닏	Partnership
For-profit Corporation Limited Liability Company	Ц	Governmental
☐ Limited Liability Company		Sole Proprietorship
Corporations and limited light	214	and decrease III to a term of a term
		rovide an Illinois certificate of good standing.
<ul> <li>Partnerships must provide the of each partner specifying wh</li> </ul>		which they are organized and the name and address
or each partner specifying wi	icular cacil is a genera	ai or simileo parmer.
	Chicago and Congress	
APPEND DOCUMENTATION AS AT	FACHMENT 1 IN NUM	MERIC SEQUENTIAL ORDER AFTER THE LAST
PAGE OF THE APPLICATION FORM		MENIO SEMOEMINE ONDER AFTER THE EAST
THE OF THE ATTENDED		
Primary Contact Person to receive AL	L correspondence or i	inquiries
	termeier, RN, MSN	
Title: Chief Nurs		
Company Name: Anderson		
		ville, IL 62062
Telephone Number: 618-391-6		, 12 02002
The state of the s	eierl@andersonhospita	al org
Fax Number: 618-288-4		allorg
Additional Contact [Person who is also		e the application for permit
Name: Ralph Wei		s the application for permit
Title: Consultan		
Company Name: Weber All		
Address: 920 Hoffm		ods, IL 60015
Telephone Number: 847-791-0		000 10
	00@gmail.com	
Fax Number: N/A	owyman.com	
TANTAUTIDEL INA		

#### **Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 39601

Name:	Lisa Klaustermeier, RN, MSN
Title:	Chief Nursing Officer
Company Name:	Anderson Hospital
Address:	6800 State Route 162 Maryville, IL 62062
Telephone Number:	618-391-6404
E-mail Address:	klaustermeierl@andersonhospital.org
Fax Number:	618-288-4088

### Site Ownership

Provide ti	his	information	for	each	applicable	sitel
------------	-----	-------------	-----	------	------------	-------

i rovide triis imonmation for each ap	plicable site
Exact Legal Name of Site Owner:	Anderson Real Estate, LLC
Address of Site Owner:	6800 State Route 162 Maryville, IL 62062
Street Address or Legal Description	
Proof of ownership or control of the ownership are property tax statemer	site is to be provided as Attachment 2. Examples of proof of onts, 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 ATTACH APPLICATION FORM.	MENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE

**Operating Identity/Licensee** 

Provide this informa	ation for each applicable fac	cility and i	nsert after this page.]	
Exact Legal Name	: Anderson Hospital			
Address:	6800 State Route 162	Maryvill	e, IL 62062	
For-profit (	Corporation Corporation Ibility Company		Partnership Governmental Sole Proprietorship	
o Corporation Standing.	ns and limited liability comp	oanies mu	st provide an Illinois Certific	cate of Good
<ul> <li>Partnership of each pa</li> </ul>	ps must provide the name or rtner specifying whether ea	of the state ich is a ge	e in which organized and the neral or limited partner.	e name and address
<ul> <li>Persons w</li> </ul>	vith 5 percent or greater in ership.			ntified with the %
APPEND DOCUMENTA APPLICATION FORM.	ATION AS ATTACHMENT 3, IN N	NUMERIC SI	EQUENTIAL ORDER AFTER THE	E LAST PAGE OF THE

**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 <u>ATTACHMENT 4.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**APPLICATION FOR PERMIT- 10/2019 Edition** 

FI	ood	Plain	Requ	uirem	ents
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[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at <a href="www.FEMA.gov">www.FEMA.gov</a> or <a href="www.FEMA.gov">www.illinoisfloodmaps.org</a>. This map must be in a readable format. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<a href="http://www.hfsrb.illinois.gov">http://www.hfsrb.illinois.gov</a>).

APPEND DOCUMENTATION AS <u>ATTACHMENT 5</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### **Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

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

#### **DESCRIPTION OF PROJECT**

1.	Project Classification	
[Check	k those applicable - refer to Part 1110.20 and Part 1120.20	)(b)]
Part 1	1110 Classification:	
	Substantive	
M	Non-substantive	

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain WHAT is to be done in State Board defined terms, NOT WHY it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Anderson Hospital and Anderson Healthcare, as co-applicants, propose to construct a medical building at 3417 Anderson Health Care Drive in Edwardsville. The site is part of a 15 acre parcel owned by Anderson Real Estate on the northeast corner of Goshen Rd and District Drive in Edwardsville. The location of the proposed Goshen Medical Building is adjacent to the recently opened Anderson Surgery Center and the Anderson Rehabilitation Institute now under development.

The Goshen Medical Building will include clinic space with 56 exam rooms, imaging services (CT scanning, MRI, ultrasound, and Xray with fluoroscopy capability), PT/OT and speech therapy, and a lab draw station with some point of care testing on site. An urgent care center with 9 exam/treatment rooms is part of the program. The project includes significant site-work, and approximately 200 parking spaces.

The two story building will total approximately 50,000 building gross square feet of space. All space is new construction. Total capital cost associated with the project is \$24,457,611 of which \$16,632,060 is considered clinical program.

Anderson Real Estate will lease the property to a developer who will construct and own the building. Following construction, the developer will lease the building back to Anderson Real Estate. Anderson Real Estate will sublease space in the building to Anderson Hospital (for operation of the urgent care center, therapy and the lab), to Anderson Medical Group (for the clinic space), and to Maryville Imaging (for the diagnostic radiology services). Each of these entities is part of Anderson Healthcare.

Construction on the project is expected to start in June, 2021, and expected to be completed by September 30, 2022.

The project is Non-substantive because it does not propose to establish a new category of service and there are no services provided to inpatients.

### **Project Costs and Sources of Funds**

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

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

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

Related Project Costs  Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:
Land acquisition is related to project
The project involves the establishment of a new facility or a new category of service  Yes No
If yes, provide the dollar amount of all <b>non-capitalized</b> operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the
target utilization specified in Part 1100.  Estimated start-up costs and operating deficit cost is \$11,400,000
Project Status and Completion Schedules
For facilities in which prior permits have been issued please provide the permit numbers.  Indicate the stage of the project's architectural drawings:
None or not applicable Preliminary
Anticipated project completion date (refer to Part 1130.140): September 30, 2022
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):
<ul> <li>□ Purchase orders, leases or contracts pertaining to the project have been executed.</li> <li>□ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies</li> <li>☑ Financial Commitment will occur after permit issuance.</li> </ul>
APPEND DOCUMENTATION AS <u>ATTACHMENT 8</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
State Agency Submittals [Section 1130.620(c)]
Are the following submittals up to date as applicable:
Cancer Registry
<ul> <li>☑ APORS</li> <li>☑ All formal document requests such as IDPH Questionnaires and Annual Bed Reports</li> </ul>
been submitted
☑ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

## **Cost Space Requirements**

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.** 

constant		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care		Ì					
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking		Ī					
Gift Shop							
Total Non-clinical					1		
TOTAL		1					

APPEND DOCUMENTATION AS  $\underline{\text{ATTACHMENT 9}}$ , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### **Facility Bed Capacity and Utilization**

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest Calendar Year for which data is available. Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

FACILITY NAME: Anderson H	lospital	CITY:	Maryville		
REPORTING PERIOD DATES	nuary 1, 2019	to: Dec	ember 31, 201	9	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	98	4,674	21,016**	0	98
Obstetrics	24	1,442	4,731**	0	24
Pediatrics	0	0	0	0	0
Intensive Care	12	642*	2,319**	0	12
Comprehensive Physical Rehabilitation	20	404	4,647	0	20
Acute/Chronic Mental Illness	0			0	0
Neonatal Intensive Care	0			0	0
General Long Term Care	0			0	0
Specialized Long Term Care	0			0	0
Long Term Acute Care	0			o	0
Other ((identify)	0			0	0
TOTALS:	154	7,162	32,713**	0	154

<sup>\*</sup> Intensive Care admissions exclude 199 transfers into the ICU service.

CON project 19-026 was approved in September, 2019 for the establishment of Anderson Rehabilitation Institute. That project does not change bed counts at Anderson Hospital. A Certificate of Exemption for discontinuation was approved on the same date, to close the 20 rehabilitation beds now at Anderson Hospital when the Anderson Rehabilitation Institute is opened. The status of the existing 20 rehabilitation beds at Anderson Hospital is "transitional."

<sup>\*\*</sup> Patient days include observation days on the unit.

## **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.

Act. The undersigned certifies that he or sh Application on behalf of the applicant entity information provided herein, and appended	ocedures of the Illinois Health Facilities Planning he has the authority to execute and file this The undersigned further certifies that the data and hereto, are complete and correct to the best of his hed also certifies that the fee required for this
SIGNATURE  KETTH A PAGE  PRINTED NAME  PRINTED TITLE	SIGNATURE  Michael M. Marshall  PRINTED NAME  Vice Pres ident (CFO  PRINTED TITLE
Notarization: Subscribed and sworn to before me this 21 day of 1000 percentage 1000	Notarization: Subscribed and sworn to before me this day of Dullmbly 2000
Betha Coulth Signature of Notary	Signature of Notary
Seal BETH A. COULTER OFFICIAL SEAL Notary Public - State of Illinois *In agg then EXACT Register And Of the applicant	BETH A. COULTER OFFICIAL SEAL Notary Public - State of Illinois
	My Commission Expires Aug 02, 2023

### **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);
- 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
- o in the case of a sole proprietor, the individual that is the proprietor.

Act. The undersigned certifies that he or sh Application on behalf of the applicant entity information provided herein, and appended	ocedures of the Illinois Health Facilities Planning he has the authority to execute and file this . The undersigned further certifies that the data and hereto, are complete and correct to the best of his hed also certifies that the fee required for this
SIGNATURE  VEITH A PAGE  PRINTED NAME  DIESIGNATURE  PRINTED TITLE	SIGNATURE  Michael M. Marshall  PRINTED NAME  Vice President / CFO  PRINTED TITLE
Notarization: Subscribed and sworn to before me this 2th day of permotic 2020  Signature of Notary	Notarization: Subscribed and sworn to before me this <u>OF</u> day of <u>Nevember</u> , 2020  BUT J. Coulle  Signature of Notary
Seal BETH A. COULTER OFFICIAL SEAL Notary Public - State of Illinois *Insert the EXACT regal pame of the applicant	Seal  BETH A. COULTER  OFFICIAL SEAL  Notary Public - State of Illinois  My Commission Expires Aug 02, 2023

# SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

## 1110.110(a) - Background of the Applicant

# READ THE REVIEW CRITERION and provide the following required information:

#### **BACKGROUND OF APPLICANT**

- 1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
- 2. A 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.
- For the following questions, 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.
  - a. 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.
  - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
  - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
  - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
  - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
- 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 for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS <u>ATTACHMENT 11</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

### Criterion 1110.110(b) & (d)

#### **PURPOSE OF PROJECT**

- Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
- 2. Define the planning area or market area, or other relevant area, per the applicant's definition.
- 3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
- 4. Cite the sources of the documentation.
- 5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
- 6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS <u>ATTACHMENT 12.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

#### **ALTERNATIVES**

1) Identify ALL of the alternatives to the proposed project:

Alternative options must include:

- Proposing a project of greater or lesser scope and cost;
- B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- D) Provide the reasons why the chosen alternative was selected.
- Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS <u>ATTACHMENT 13.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

# SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

## Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

#### SIZE OF PROJECT:

- 1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative and it shall include the basis used for determining the space and the methodology applied.
- 2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
  - c. The project involves the conversion of existing space that results in excess square footage.
  - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

	S	IZE OF PROJECT		
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS <u>ATTACHMENT 14.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB <u>has established</u> utilization standards or occupancy targets in 77 III. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

		UTILI	ZATION		
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS <u>ATTACHMENT 15.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### **UNFINISHED OR SHELL SPACE:**

#### **NOT APPLICABLE**

Provide the following information:

- 1. Total gross square footage (GSF) of the proposed shell space.
- 2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
- 3. Evidence that the shell space is being constructed due to:
  - a. Requirements of governmental or certification agencies; or
  - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
- 4. Provide:
  - Historical utilization for the area for the latest five-year period for which data is available;
     and
  - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS <u>ATTACHMENT 16</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### **ASSURANCES:**

### **NOT APPLICABLE**

Submit the following:

- Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
- 2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
- 3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS <u>ATTACHMENT 17</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### Criterion 1110.270 - Clinical Service Areas Other than Categories of Service Μ.

- Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than 1. categories of service must submit the following information:
- 2. Indicate changes by Service:

Indicate # of key room changes by action(s):

 Service	# Existing Key Rooms	# Proposed Key Rooms
		·

3. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

Project Type	Required Review Criteria			
New Services or Facility or Equipment	(b) - Need Determination - Establishment			
Service Modernization	(c)(1) - Deteriorated Facilities			
	AND/OR			
	(c)(2) - Necessary Expansion			
	PLUS			
	(c)(3)(A) - Utilization - Major Medical Equipment			
	OR			
	(c)(3)(B) - Utilization - Service or Facility			

APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds Review Criteria
- Section 1120.130 Financial Viability Review Criteria
- Section 1120.140 Economic Feasibility Review Criteria, subsection (a)

### VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

	_		
\$4,716,471	a)	Cash and Secu from financial in	urities – statements (e.g., audited financial statements, letters nstitutions, board resolutions) as to:
		1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
		2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	showing anticip	inticipated pledges, a summary of the anticipated pledges pated receipts and discounted value, estimated time table of and related fundraising expenses, and a discussion of past perience.
	c)	Gifts and Bequ	ests - verification of the dollar amount, identification of any se, and the estimated time table of receipts;
\$19,741,140 (leases)	d)	time period, va the anticipated	nent of the estimated terms and conditions (including the debt riable or permanent interest rates over the debt time period, and repayment schedule) for any interim and for the permanent osed to fund the project, including:
		1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
		2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
		3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
		4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
		5)	For any option to lease, a copy of the option, including all

### **APPLICATION FOR PERMIT- 10/2019 Edition**

\$24,457,611	
	g) All Other Funds and Sources – verification of the amount and type of any othe funds that will be used for the project.
	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;

APPEND DOCUMENTATION AS ATTACHMENT 33, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### **SECTION VII. 1120.130 - FINANCIAL VIABILITY**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

#### **Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better

2. All of the projects capital expenditures are completely funded through internal sources

 The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent

4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

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

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

	Historical 3 Years	Projected
Enter Historical and/or Projected Years:		
Current Ratio		
Net Margin Percentage		
Percent Debt to Total Capitalization		
Projected Debt Service Coverage		
Days Cash on Hand		
Cushion Ratio		

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

#### **Variance**

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS <u>ATTACHMENT 35.</u> IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

# SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

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

## A. Reasonableness of Financing Arrangements

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

- That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

## B. Conditions of Debt Financing

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

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors:
- That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

## C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

	COST	AND GRO	oss squ	ARE FEE	T BY DEP	ARTMEN	T OR SERVI	CE	
Deportment	Α	В	С	D	Е	F	G	Н	
Department (list below)	Cost/Squ New	are Foot Mod.	Gross New	Sq. Ft. Circ.*	Gross Mod.	Sq. Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	Total Cost (G + H)
Contingency		·							
TOTALS									

### D. Projected Operating Costs

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

### E. Total Effect of the Project on Capital Costs

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

APPEND DOCUMENTATION AS <u>ATTACHMENT 36</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

## SECTION IX. SAFETY NET IMPACT STATEMENT

# NOT APPLICABLE. THE MEDICAL BUILDING IS A NON-SUBSTANTIVE PROJECT

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

- 1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
- 2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
- 3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

# Safety Net Impact Statements shall also include all of the following:

- 1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
- 2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
- 3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

# A table in the following format must be provided as part of Attachment 37.

Safety Net	Information per	PA 96-0031	
	CHARITY CARE		
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)			
Inpatient			
Outpatient			
Total			
Charity (cost In dollars) Inpatient Outpatient			
	MEDICAID		
Medicaid (# of patients)	Year	Year	Year
Inpatient			

Outpatient	:	
Total		
Medicaid (revenue)		
Inpatient		
Outpatient		
Total		

APPEND DOCUMENTATION AS <u>ATTACHMENT 37</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE ARTHCATION FORM.

#### SECTION X. CHARITY CARE INFORMATION

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

- 1. All applicants and co-applicants shall indicate the amount of charity care for the latest three <a href="mailto:audited">audited</a> 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 <u>must</u> be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

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

APPEND DOCUMENTATION AS <u>ATTACHMENT 38</u>, 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:

ACHMENT NO. PAGES		
1	Applicant Identification including Certificate of Good Standing	26-27
2	Site Ownership	28-38
3	Persons with 5 percent or greater interest in the licensee must be	39
3	identified with the % of ownership.	38
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	
5	Flood Plain Requirements	
6	Historic Preservation Act Requirements	
7	Project and Sources of Funds Itemization	
8	Financial Commitment Document if required	
9	Cost Space Requirements	52
10	Discontinuation	
11	Background of the Applicant	53-62
12	Purpose of the Project	63-68
13	Alternatives to the Project	69-71
14	Size of the Project	72
	Project Service Utilization	73-76
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
	77	
40	Service Specific:	
18	Medical Surgical Pediatrics, Obstetrics, ICU	
19	Comprehensive Physical Rehabilitation	·#-
20	Acute Mental Illness	
21	Open Heart Surgery	
22	Cardiac Catheterization	
23	In-Center Hemodialysis	<u></u>
24	Non-Hospital Based Ambulatory Surgery	
25	Selected Organ Transplantation	
	Kidney Transplantation	
27	Subacute Care Hospital Model	
28	Community-Based Residential Rehabilitation Center	
29	Long Term Acute Care Hospital	
30	Clinical Service Areas Other than Categories of Service	77-79
31	Freestanding Emergency Center Medical Services	
32	Birth Center	
	Financial and Economic Feasibility:	
33	Availability of Funds	80-136
34	Financial Waiver	-
35	Financial Viability	127 140
36		137-140
	Economic Feasibility	141-148
37	Safety Net Impact Statement	140
38	Charity Care Information	149
App 1	Appendix 1	150-167
App 2	Appendix 2	168-172

File Number

2038-756-4



# 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

ANDERSON HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 20, 1929, 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 29TH day of NOVEMBER A.D. 2020.

Authentication #: 2033400558 verifiable until 11/29/2021
Authenticate at: http://www.cyberdriveillinois.com

Desse White

SECRETARY OF STATE

Attachment 1

File Number

7206-613-8



# 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

ANDERSON HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 26, 2019, 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 29TH day of NOVEMBER A.D. 2020 .

Authentication #: 2033400578 verifiable until 11/29/2021 Authenticate at: http://www.cyberdriveillinois.com Desse White

SECRETARY OF STATE

Attachment 1

### Site Ownership

Attachment 2 includes the Owner's Policy of Title Insurance, showing Anderson Real Estate as owner of the property that is the site of the proposed Goshen Medical Building. The legal description of the property is shown as Exhibit A of Schedule A of the policy.

There are two relevant leases:

- A Ground Lease, wherein Anderson Real Estate, LLC will lease the land to Triple Net Management, Inc.
- A Building Lease, wherein Triple Net Management, as developer of the Medical Building, will lease the building back to Anderson Real Estate, LLC. Anderson Real Estate, LLC will lease space in the building to Anderson Hospital, Anderson Medical Group, and Maryville Imaging to operate the programs in the building. Anderson Hospital will operate the urgent care center, therapy programs and the lab; Anderson Medical Group will operate the clinics (exam and treatment space), and Maryville Imaging will operate the diagnostic imaging services.

The Ground Lease and the Building Lease are included in Attachment 33 of the Financial section of the permit application.

# stewart title

# addition James

#### ALTA OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

STEWART TITLE GUARANTY COMPANY

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

#### **COVERED RISKS**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, STEWART TITLE GUARANTY COMPANY, a Texas corporation, (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

- 1. Tille being vested other than as stated in Schedule A.
- 2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
  - (a) A defect in the Title caused by
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
    - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
    - (vii) a defective judicial or administrative proceeding.
  - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
  - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
- 3. Unmarketable Title.
- 4. No right of access to and from the Land.
- 5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (a) the occupancy, use, or enjoyment of the Land;
  - (b) the character, dimensions, or location of any improvement erected on the Land;
  - (c) the subdivision of land; or
  - (d) environmental protection

If a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

- An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
- 7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge,

Countersigned by:

Authorized Countersignature

rannomic

Madison County Title II, LLC

Company Name

600 Country Club View Suite 2

Edwardsville, IL 62025

City, State

EGUARANTA COMPONION PENAS PENA

Matt Morris President and CEO

> Denise Carraux Secretary

For coverage information or assistance resolving a complaint, call (800) 729-1902 or visit <a href="https://www.stewart.com">www.stewart.com</a>. To make a claim, furnish written notice in accordance with Section 3 of the Conditions. For purposes of this form the "Stewart Title" logo featured above is the represented logo for the underwriter, Stewart Title Guaranty Company.

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Attachment 2



# **OWNER'S POLICY OF TITLE INSURANCE**

Issued by

Stewart Title Guaranty Company

#### **SCHEDULE A**

Name and Address of Title Insurance Company: STEWART TITLE GUARANTY COMPANY PO Box 2029, Houston, 77252-2029

File No.: T44333

Policy No.: O-0000836721133

Issued with Policy No. M-0000836734983

Address Reference: Corner of Goshen Road and District Dr., Edwardsville, IL 62025

Amount of Insurance: \$1,250,000.00

Date of Policy: August 16, 2019, at 5:00pm

1. Name of Insured:

Anderson Real Estate, LLC

2. The estate or interest in the Land that is insured by this policy is:

Fee Simple

3. The estate or interest referred to herein is at Date of Policy vested in:

Anderson Real Estate, LLC

4. The Land referred to in this policy is described as follows:

SEE ATTACHED EXHIBIT "A"

Countersigned

Madison County Title II, LLC

Authorized Signature

Issuing Agent:
Madison County Title II, LLC
600 Country Club View
Suite 2, Edwardsville, Illinois 62025
618-656-0400

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Attachment 2

AMERICAN LAND TITLE

#### EXHIBIT "A"

A tract in the Northwest Quarter of Section 19, Township 4 North, Range 7 West of the Third Principal Meridian more particularly described as follows: Commencing at the Southwest corner of the Northwest Quarter of said Section 19; thence South 87 degrees 57 minutes 45 seconds East along the South line of the Northwest Quarter of Section 19, a distance of 1,968.45 feet to the Southerly extension of the West line of Gusewelle Lane; thence North 00 degrees 00 minutes 00 seconds along said West line 710.03 feet to the Northeast corner of a tract conveyed to Anderson Real Estate as Document No. 2015R04527; thence North 87 degrees 57 minutes 45 seconds West a distance of 660.30 feet to the Northwest corner of a tract conveyed to Anderson Real Estate as Document No. 2015R04527 and the point of beginning of the tract herein described; thence continuing North 87 degrees 51 minutes 45 seconds West a distance of 307.72 feet more or less to the East line of a tract conveyed to Edwardsville Community School District 7 in Book 4408 Page 197; thence South 00 degrees 01 minutes 33 seconds West a distance of 553.66 feet, more or less to the Northwest corner of a tract conveyed to The City of Edwardsville in Book 4517 Page 3450 along said City tract; thence South 89 degrees 57 minutes East 29 feet; thence South 00 degrees 02 minutes 02 seconds West 59.24 feet; thence South 44 degrees 00 minutes 55 seconds East 69.24 feet; thence South 88 degrees 03 minutes 52 seconds East a distance of 230.04 feet more or less to the Southwest corner of a tract conveyed to Anderson Real Estate as Document No. 2015R04527; thence North along the West line of the Anderson Real Estate tract 660.30 feet to the point of beginning, (except coal and other minerals underlying said premises with the right to mine and remove same), in Madison County, Illinois.

PERMANENT PARCEL NO. 10-1-16-19-00-000-001.017

10-1-16-19-00-000-001.009

NOTE: The Permanent Parcel No. is given for informational purposes only and is not warranted or insured herein.

# **OWNER'S POLICY OF TITLE INSURANCE**

Issued by

# Stewart Title Guaranty Company

#### **SCHEDULE B**

File No.: **T44333** 

Policy No.: O-0000836721133

#### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

- 1. Mortgage dated August 9, 2019 and recorded August 16, 2019 as Document No. 2019R26090 made by Anderson Real Estate, LLC to TheBank of Edwardsville to secure an indebtedness in the principal amount of \$1,062,500.00 with interest as therein specified and subject to the covenants, agreements and conditions therein contained.
- 2. Standard Exceptions:
- (a) Rights or claims of parties in possession not shown by the public records.
- (b) Easements, or claims of easements, not shown by the public records.
- (c) Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey and inspection of the premises.
- (d) Any lien, or right of lien, for services, labor or material hereto or hereafter furnished, imposed by law and not shown by the public records.
- (e) Taxes or special assessments which are not shown as existing liens by the public records in the Recorder's Office of Madison County, Illinois.
- 3. Taxes for the year 2019, not yet due and payable.
- 4. Rights of the Public, the State of Illinois, and the municipality in and to that part of the premises in question taken, used, or dedicated for road purposes.
- 5. Rights of way for drainage ditches, drain tiles, feeders, laterals, and underground pipes, if any.
- 6. Grant of easement dated October 20, 1989 and recorded October 26, 1989 in Book 3546 Page 1509 as Roll and Frame No. 1694-506 executed by Bessie M. Knecht to the City of Edwardsville for water line and appurtenances and all rights thereto and terms thereof.
- 7. Assignment of Rents dated August 9, 2019 and recorded August 16, 2019 as Document No. 2019R26091 made by Anderson Real Estate, LLC to TheBank of Edwardsville as additional security for indebtedness, and all rights thereto and terms thereof.

Issuing Agent:
Madison County Title II, LLC
600 Country Club View
Suite 2, Edwardsville, Illinois 62025
618-656-0400

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Attachment 2

Policy No.: O-0000836721133

SCHEDULE B
Continued

Issuing Agent:
Madison County Title II, LLC
600 Country Club View
Suite 2, Edwardsville, Illinois 62025
618-656-0400

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ALTA Owner's Policy (6-17-06) (IL) Schedule B



Attachment 2

# MADISON COUNTY TITLE COMPANY

## Privacy Policy Notice

## PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of MADISON COUNTY TITLE COMPANY.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you, such as on applications or other forms.
- Information about your transactions we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Attachment 2

#### **COVERED RISKS - Continued**

- 9. Title being vested other than as stated in Schedule A or being defective
  - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state
  - insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
    - to be timely, or
    - to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
- 10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

#### **EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (II) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;

or the effect of any viciation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- Defects, liens, encumbrances, adverse claims, or other matters
  - created, suffered, assumed, or agreed to by the insured Claimant;
  - not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an insured under this policy;
  - resulting in no loss or damage to the insured Claimant;
  - attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
- Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
- Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

#### CONDITIONS

#### **DEFINITION OF TERMS**

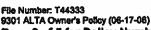
The following terms when used in this policy mean:

- "Amount of insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions. "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "insured": The insured named in Schedule A.
  - (!) the term "insured" also includes
    - (A) successors to the Title of the insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
    - (B) successors to an insured by dissolution, merger, consolidation, distribution, or reorganization;
    - (C) successors to an insured by its conversion to another kind of Entity;
    - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
      - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named insured,
      - (2) If the grantee wholly owns the named insured,
      - (3) If the grantee is wholly-owned by an affiliated Entity of the named insured, provided the affiliated Entity and the named insured are both wholly-owned by the same person or Entity, or
    - (4) If the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
  - (ii) with regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured.
- (e) "Insured Claimant": An insured claiming loss or damage.
- "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

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Attachment 2



- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located. "Title": The estate or interest described in Schedule A.
- "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title,

#### **CONTINUATION OF INSURANCE**

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the fallure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

#### **PROOF OF LOSS**

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

**DEFENSE AND PROSECUTION OF ACTIONS** 

- (a) Upon written request by the insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim covered by this poticy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be flable to the insured. The exercise of these rights shall not be an admission of flability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or

#### **DUTY OF INSURED CLAIMANT TO COOPERATE**

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the
  - Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All Information designated as confidential by the insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Fallure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

### 7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS: TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance. To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
  - to pay or otherwise settle with other parties for or in the name of an insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

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Attachment 2

File Number: T44333 9301 ALTA Owner's Policy (08-17-08)

Page 3 of 5 for Policy Number: O-0000836721133



(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

#### 8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
  - (i) the Amount of Insurance; or
  - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
  - (i) the Amount of Insurance shall be increased by 10%, and
  - (ii) the insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

#### 9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Titte, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Titte, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the insured.
- (b) In the event of any fitigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured In settling any claim or suit without the prior written consent of the Company.

#### 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

#### 11. LIABILITY NONCUMULATIVE

The Amount of insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is executed by an insured after Date of Policy and which is a charge or fien on the Title, and the amount so paid shall be deemed a payment to the insured under this policy.

#### 12. PAYMENT OF LOSS

When flability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

#### 13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the insured Claimant in the Title and all other rights and remedies in respect to the claim that the insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The insured Claimant shall permit the Company to sue, compromise, or settle in the name of the insured Claimant and to use the name of the insured Claimant in any transaction or litigation involving these rights and remedies. If a payment on account of a claim does not fully cover the loss of the insured Claimant, the Company shall defer the exercise of its right to recover until after the insured Claimant shall have recovered its loss.
- (b) The Company's right of subrogation includes the rights of the Insured to Indemnities, guaranties, other policies of Insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

#### 14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of insurance is \$2,000,000 or less shall be arbitrated to the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

#### 15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.
- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

#### 16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

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File Number: T44333

9301 ALTA Owner's Policy (08-17-06)

#### 17. CHOICE OF LAW; FORUM

(a) Choice of Law: The insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.
Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its

 Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

conflicts of law principles to determine the applicable law.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at Claims Department at P.O. Box 2029, Houston, TX 77252-2029.

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2038-756-4



## 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

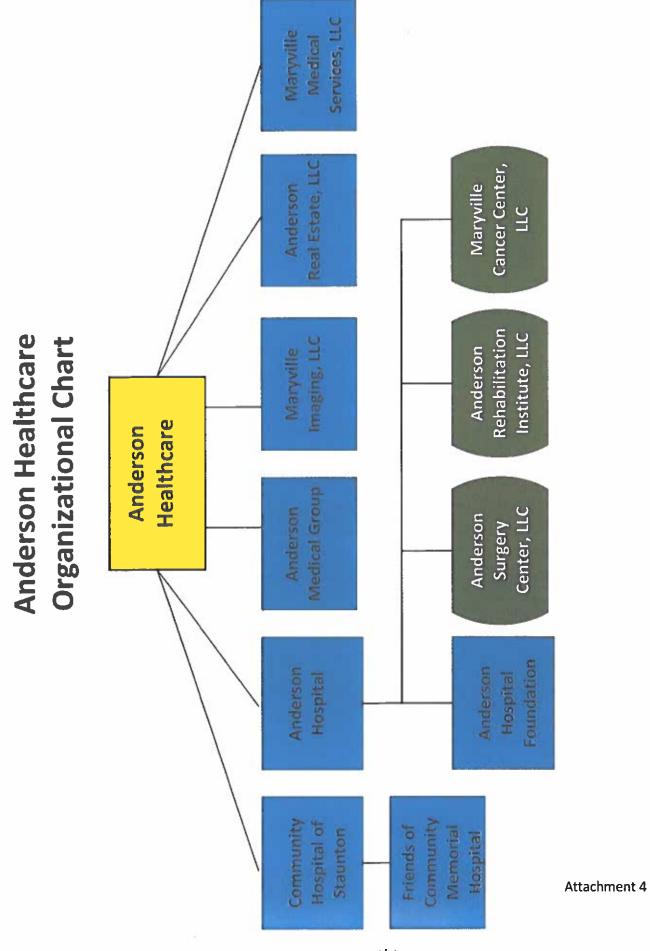
ANDERSON HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 20, 1929, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 29TH day of NOVEMBER A.D.

Authentication #: 2033400558 verifiable until 11/29/2021 Authenticate at: http://www.cyberdriveillinois.com

esse



#### Flood Plain Requirements

The following pages include the most recent Flood Insurance Rate Map (FIRM) for the site location on which Anderson Healthcare's Goshen Medical Building is proposed. This information has not been updated since April 15, 1982.

The site is located in Zone C, panel 1704360075B. According to FEMA, Zone C consists of "areas determined to be outside 500 year floodplain determined to be outside the 1% and 0.2% annual chance floodplains [sic]." (<a href="www.floodmaps.com/zones.htm">www.floodmaps.com/zones.htm</a>)

Illinois Executive Order #2006-5, "Construction Activities in Special Flood Hazard Areas" defines "Special Flood Hazard Areas" or "Floodplains" as areas subject to "100 year frequency flood and shown as such on the most current Flood Insurance Rate Map published by the Federal Emergency Management Agency."

The attachment includes a notarized statement from Keith Page, President and CEO of Anderson Healthcare, which is the sole member of Anderson Real Estate, LLC, the owner of this site, attesting to the project's compliance with the requirements of Illinois Executive Order #2006-5, Construction Activities in Special Flood Hazard Areas, because the project site is located outside a 500 year flood plain.

## ... Anderson Healthcare

November 25, 2020

Ms. Courtney Avery Administrator Illinois Health Facilities and Services Review Board 525 W. Jefferson Street 2<sup>nd</sup> Floor Springfield, IL 62761

Re: Compliance with the Requirements of Illinois Executive Order 2006-5 Regarding Construction Activities in Special Flood Hazard Areas

Dear Ms. Avery:

I am the applicant representative of Anderson Healthcare, the sole member of Anderson Real Estate, LLC.

Anderson Real Estate, LLC is the owner of a site in Edwardsville on which it plans to construct the Goshen Medical Building.

I hereby attest that this site is located in Zone C, as identified by the most recent FEMA Flood Insurance Rate Map for this location. Zone C is identified by FEMA as consisting of "areas determined to be outside the 500-year floodplain determined to be outside the 1% and 0.2% annual chance floodplains." (www.floodmaps.com/zones.htm).

Accordingly, this location complies with the Flood Plain Rule and the requirements stated under Illinois Executive Order #2006-5, "Construction Activities in the Special Flood Hazard Areas."

Keith A. Page, FACHE

President & CEO

**NOTARY** 

BETH A. COULTER OFFICIAL SEAL

My Commission Expires Aug 02, 2023 Manyillo IX (2016)

618-288-5711



(//www.fema.gov/)

Navigation

Search

Languages

MSC Home (/portal/)

MSC Search by Address (/portal/search)

MSC Search All Products (/portal/advanceSearch)

 MSC Products and Tools (/portal/resources/productsandtools)

Hazus (/portal/resources/hazus)

LOMC Batch Files (/portal/resources/lomc)

Product Availability (/portal/productAvailability)

MSC Frequently Asked Questions (FAQs) (/portal/resources/faq)

MSC Email Subscriptions (/portal/subscriptionHome)

Contact MSC Help (/portal/resources/contact)

## FEMA Flood Map Service Center: Search By Address

Enter an address, place, or coordinates: (2)

Goshen Rd and District Road, Edwardsville, IL

Search

Whether you are in a high risk zone or not, you may need <u>flood insurance (https://www.fema.gov/national-flood-insurance-program</u>) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than \$400 per year. Call your insurance agent today and protect what you've built.

Learn more about steps you can take (https://www.fema.gov/what-mitigation) to reduce flood risk damage.

#### Search Results—Products for MADISON COUNTY

#### UNINCORPORATED AREAS

Show ALL Products » (https://msc.fema.gov/portal/availabilitySearch?addcommunity=170436&communityName=MAD

The flood map for the selected area is number 1704360075B, effective on 04/15/1982

#### **MAP IMAGE**



\_(https://msc.fema.gov/portal/viewProduct?

filepath=/17/P/Firm/1704360075B.tif&productID=1704360075B)



(https://msc.fema.gov/portal/downloadProduct?

filepath=/17/P/Firm/1704360075B,tif&productTypeID=FINAL\_PRODUCT&productSubTypeID=FIRM\_PANEL&r Changes to this FIRM ②

Revisions (0)

Amendments (8)

Revalidations (0)

You can chaose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette. If you are a person with a disability, are blind, or have low vision, and need assistance, please contact a map specialist (https://msc.fema.gov/portal/resources/contact).



#### FEMA Flood Map Service Center | Search By Address





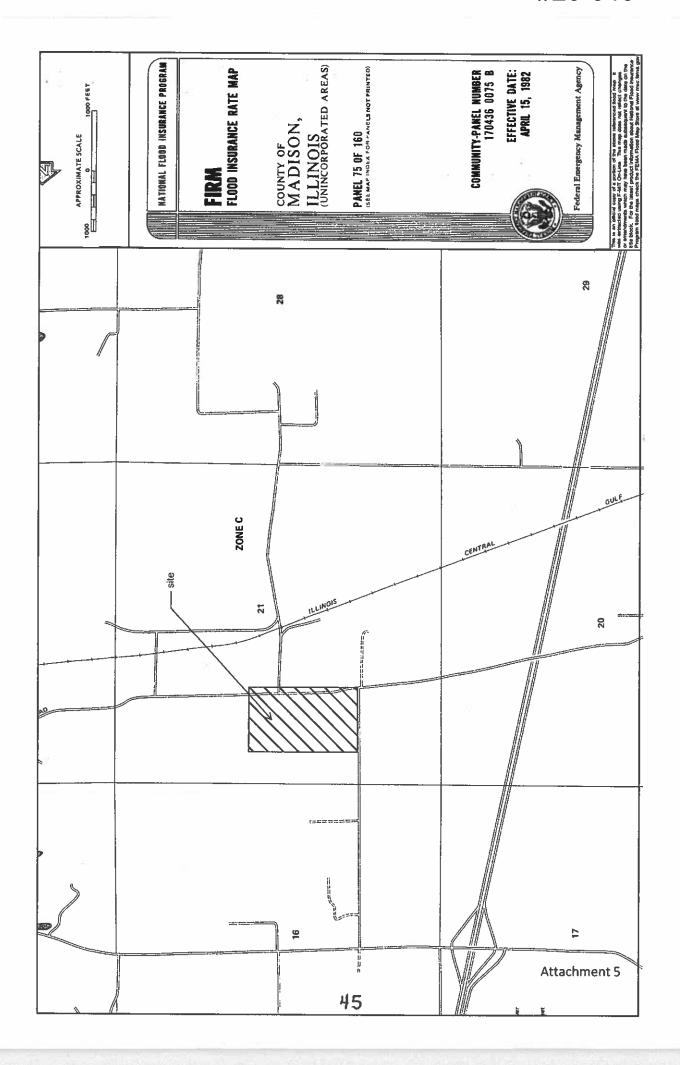
Home (//www.fema.gov/) Download Plug-ins (//www.fema.gov/download-plug-ins) About Us (//www.fema.gov/about-agency) Privacy Policy (//www.fema.gov/privacy-policy) FOIA (//www.fema.gov/foia) Office of the Inspector General (//www.oig.dhs.gov/) Strategic Plan (//www.fema.gov/fema-strategic-plan) Whitehouse.gov (//www.whitehouse.gov) DHS.gov (//www.dhs.gov) Ready.gov (//www.ready.gov) USA.gov (//www.usa.gov) DisasterAssistance.gov (//www.disasterassistance.gov/)

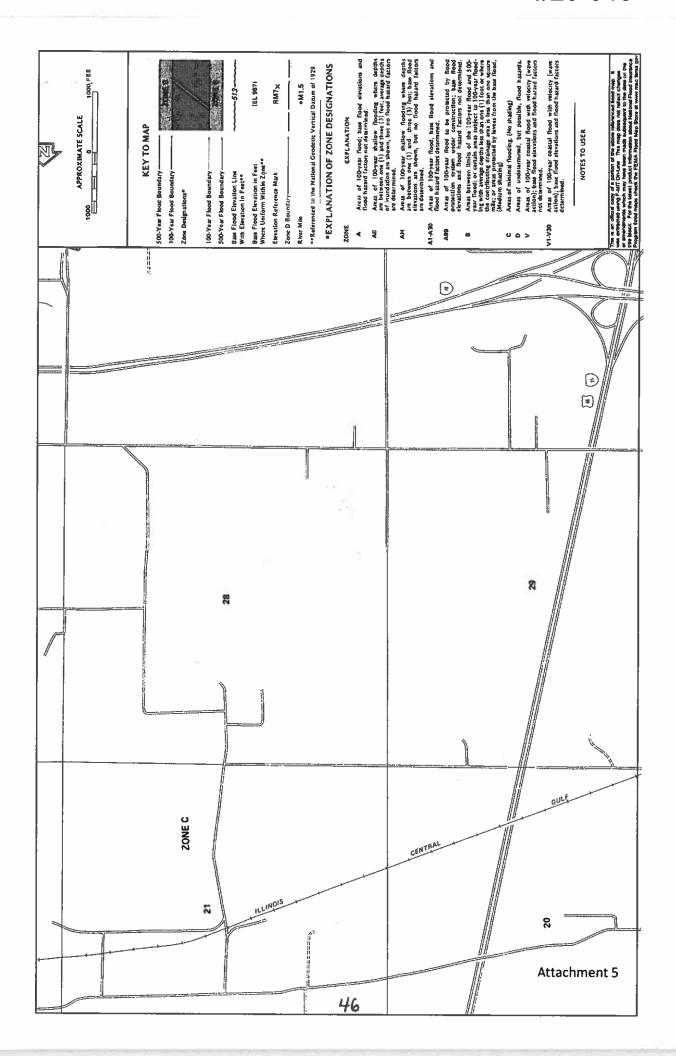


(https://www.oig.dhs.gov/hotline)

Official website of the Department of Homeland Security

Attachment 5







# Illinois Department of Natural Resources



JB Pritzker, Governor Colleen Callahan, Director

www.dnr.illinois.gov

Mailing address: State Historic Preservation Office, 1 Old State Capitol Plaza, Springfield, IL 62701

Madison County

PLEASE REFER TO:

SHPO LOG #003093020

Edwardsville

NE of Goshen Road & District Drive, 11MS1952

Section:19-Township:4N-Range:7W

IEPA, SCI-2020-1028.40

New construction, medical care facility - Anderson Goshen

October 14, 2020

Don L. Booth SCI Engineering, Inc. 650 Pierce Boulevard O'Fallon, IL 62269

Dear Mr. Booth:

The Illinois State Historic Preservation Office is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

If further assistance is needed please contact Jeff Kruchten, Chief Archaeologist at 217/785-1279 or Jeffery.kruchten@illinois.gov.

Sincerely,

Robert F. Appleman Deputy State Historic

Preservation Officer

But J. Gypl

Attachment 6

#### **Project Costs and Sources of Funds**

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

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$112,475	\$112,475	\$224,950
Site Survey and Soit Investigation	0	7,800	7,800
Site Preparation	181,500	181,500	363,000
Off Site Work	400,000	1,349,574	1,749,574
New Construction Contracts	10,849,556	4,941,906	15,791,462
Modernization Contracts	0	0	0
Contingencies	1,030,500	469,500	1,500,000
Architectural/Engineering Fees	578,802	263,705	842,507
Consulting and Other Fees	95,000	95,000	190,000
Movable or Other Equipment (not in construction contracts)	1,278,609	0	1,278,609
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	136,336	62,115	198,451
Fair Market Value of Leased Space or Equipment	1,218,720	0	1,218,720
Other Costs To Be Capitalized a) furnishings b) IT	410,391 340,171	186,976 155,000	597,367 495,171
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	16,632,060	7,825,551	\$24,457,611
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	2,723,146	1,993,325	\$4,716,471
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	13,908,914	5,832,226	\$19,741,140
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	16,632,060	7,825,551	\$24,457,611

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

Project Costs and Sources of Funds Line Item Descriptions

#### Line 1. Preplanning Costs - \$224,950

This amount includes up-front feasibility studies, Phase 1 cultural and environmental assessments, Planned Unit Development design and submission required by the City of Edwardsville, and parcel annexation costs.

#### Line 2. Site Survey and Soil Investigation - \$7,800

Soil testing and geotechnical work.

#### Line 3. Site preparation - \$363,000

The site terrain is uneven and requires significant earthwork and leveling to create a buildable site.

#### Line 4. Off-site work - \$1,749,574

Off-site work includes utility infrastructure installation, construction of asphalt parking lot (4" asphalt pavement over 8" rock base) for approximately 200 cars, expansion of the detention pond to 5 ft depth, irrigation and drainage with storm piping directed to the detention pond, and landscaping. PUD requirements include green space, a concrete walking trail, and fencing of the detention basin. Sanitary connection extends to a manhole located east of the property.

#### Line 5. New Construction Contracts - \$15,791,462

All construction work will be done by a private developer, Triple Net Management, Inc. Total construction cost is \$15,791,462, of which \$10,849,556 is clinical. Costs include the building slab of 4" reinforced concrete over 4" base, core and shell, TPO roofing, interior buildout, fixed equipment (other than the medical equipment referenced below), lead lined partitions where required, all finishes, and contractor's overhead. Electrical, plumbing and heating/venting and air conditioning systems are included. The construction line item includes over-excavation of the building pad at a depth of 2 ft; this is required because the soil is "high plastic" and unable to carry compression loads without additional strengthening.

#### Line 7. Contingencies - \$1,500,000

Contingencies cover allowance for unforeseen circumstances in construction. Clinical contingency is \$1,030,500.

Clinical cost (\$10,849,556 construction plus \$1,030,500 contingency) = \$11,880,056. Clinical cost per sq ft = \$421.02.

#### Line 8. Architectural / Engineering Fees - \$842,507

This work includes preliminary design, schematic design, design development, construction document services, developer negotiation, and construction administration.

Attachment 7

#### Line 9. Consulting and other fees - \$190,000

These include legal fees related to leases and other legal work, Certificate of Need, building permit and impact fees.

## Line 10. Movable or other equipment (not in construction contracts, and other than the two pieces of leased radiology equipment noted below) - \$1,278,609

This line item includes purchase and installation of all equipment for the clinical and support space, with costs by location:

Diagnostic imaging (X ray w fluoroscopy capability; ultrasound)	\$423,519
Physical therapy / occupational therapy	285,011
Clinic space / Anderson Medical Group	295,352
Urgent Care	146,757
Lab	<u>127,970</u>
Total	\$1,278,609

#### Line 12. Net interest expense during construction (project related) - \$198,451

This line item constitutes interest on the loan taken out by the developer. Interest payments are passed through to Anderson Real Estate and incorporated in rent payments to the developer.

#### Line 13: Fair Market Value of Leased Space or Equipment - \$1,218,720 (for equipment)

The developer, Triple Net Management, Inc., will lease the property from Anderson Real Estate, as described in the ground lease in Attachment 2. Once it has constructed the medical building, Triple Net Management, Inc. will lease all space to Anderson Real Estate, at a cost that covers the construction cost of \$15,791,462, construction contingencies, the developer's loan interest payments of \$198,451, A/E and consultant services. Anderson Real Estate will sublease space in the building at terms still to be negotiated, to:

Anderson Hospital, for operation of the urgent care service, PT/OT and speech therapy and lab; Anderson Medical Group, for operation of the clinic exam/treatment space;

Maryville Imaging, for the radiology services.

No entry is shown on this line item for leased space, since the costs related to the building lease are included on other lines of the Table *Project Costs and Sources of Funds*.

Maryville Imaging will lease the following equipment:

MRI, from GE: \$849,120

(60 months at \$14,152 per month)

CT, from GE: 369,600

(60 months at \$6,160 per month)

Attachment 7

#### Line 14. Other costs to be capitalized - \$1,092,538

IT, including cabling: \$495,171 Furnishings: \$597,367, as follows:

Imaging	\$41,947
Clinic exam/treatment area	341,023
Common areas	80,271
Lab	14,512
Therapy	23,814
Urgent Care	87,923
Reception	<u>7,877</u>
Total:	\$597,367

#### Line 16. Cash and Securities - \$4,716,471

Anderson Hospital / Anderson Real Estate will fund the following line item expenditures with cash and securities:

Pre-planning	\$224,950
Site survey, site preparation and off-site work	2,120,374
Equipment that is not leased	1,278,609
IT (part of Other Costs to be Capitalized)	495,171
Building Furnishings (part of Other Costs to be Capitalized)	<u>597,367</u>
Total	\$4,716,471

#### Line 21. Leases (fair market value) - \$19,741,140

Anderson Real Estate will make lease payments to the developer upon completion of the project. The amount of the lease will be set to cover the construction cost of \$15,791,462, construction contingencies, the developer's loan interest payments of \$198,451, A/E and consultant services. The total is \$18,522,420. Anderson Real Estate will lease space in the building as follows:

Anderson Hospital, for operation of the urgent care center, lab, and PT/OT and speech therapy; Anderson Medical Group, for operation of the clinic exam and treatment rooms; Maryville Imaging, for operation of the radiology services.

Equipment leases by Maryville Imaging total \$1,218,720 as follows:

MRI, from GE: \$849,120

(60 months at \$14,152 per month)

CT, from GE: 369,600

(60 months at \$6,160 per month)

The total value of leases is \$18,522,420 + \$1,218,720 = \$19,741,140.

#### **Cost Space Requirements**

Provide in the following format, the Departmental Gross Square Feet (DGSF) or the Building Gross Square Feet (BGSF) and cost. The type of gross square footage either DGSF or BGSF must be identified. The sum of the department costs <u>MUST</u> equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. Explain the use of any vacated space.

,		Gross Square Feet		Amount of Proposed Total Gross Square			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Imaging							
CT scan	\$340,072		1,217	1,217			
MRI	720,489		1,614	1,614			
Ultrasound	446,275		841	841			
Xray / fluoroscopy	378,160		1,056	1,056			
Urgent Care	1,641,535		3,693	3,693			
Ambulatory Clinics	5,583,196		14,697	14,697			
Lab / draw station	432,060		1,206	1,206			
PT/OT/speech	1,307,770		3,893	3,893			
Subtotal Clinical	\$10,849,556		28,217	28,217			-
Obblotal Official	\$10,040,000		20,217	20,211		+	
NON REVIEWABLE							
Lobby, reception,	3,042,398		10,074	10,074			
waiting, circulation							
Food service	402,331		1,353	1,353			
Admin, staff support, lockers, lounges	1,094,378		3,293	3,293			
Mech, bldg systems.							
housekeeping, storage	402,799		2,248	2,248			
Subtotal Non-Clinical	4,941,906		16,968	16,968			
Total Construction	\$15,791,462		45,185	45,185			
Other Project Costs							
Preplanning	224,950						+
Site survey and soil						+	-
investigation	7,800						
Site Preparation	1,749,574						
Off-site work	363,000		† · · · · · · · · · · · · · · · · · · ·				
Contingencies	1,500,000						
A/E fees	842,507						
Consulting and other							
fees	190,000						
Movable or other	1,278,609						
equipment	1,270,003						
Net interest expense	198,451						
during construction						1	
FMV leased equipment	1,218,720		ļ			ļ	ļ
Other capitalized costs	405 474		<b> </b>			-	
IT/low voltage furnishings	495,171					-	
Acquisition of building or	597,367						
other property							
Total Other Project							
Costs	\$8,666,149						
Total Project Costs	\$24,457,611						

APPEND DOCUMENTATION AS  $\underline{\text{ATTACHMENT 9}}$ , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

List of Licensed Facilities Anderson Healthcare

Anderson Hospital 6800 State Route 162 Maryville, IL 62062

Anderson Surgery Center Goshen Road and Gusewelle Road Edwardsville, IL 62025

Anderson Rehabilitation Institute Goshen Road and Gusewelle Road Edwardsville, IL 62025 (under construction, CON project 19-026)

Community Memorial Hospital Association Known as Community Memorial Hospital, d/b/a Community Hospital of Staunton 400 Caldwell Street Staunton, IL 62088

7206-613-8



## 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

ANDERSON HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 26, 2019, 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 29TH day of NOVEMBER A.D. 2020.

Authentication #: 2033400578 verifiable until 11/29/2021
Authenticate at: http://www.cyberdriveillinois.com

Desse White

2038-756-4



## 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

ANDERSON HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 20, 1929, 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 29TH day of NOVEMBER A.D. 2020.

Authentication #: 2033400558 verifiable until 11/29/2021 Authenticate at: http://www.cyberdriveillinois.com Desse White

0701324-8



## 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

ANDERSON SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JUNE 06, 2018, 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 29TH day of NOVEMBER A.D. 2020 .

Authentication #: 2033400588 verifiable until 11/29/2021 Authenticate at: http://www.cyberdriveillinois.com Desse White

2880-427-0



## 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

COMMUNITY HOSPITAL OF STAUNTON, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 26, 1946, 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 29TH day of NOVEMBER A.D. 2020.

Authentication #: 2033400594 verifiable until 11/29/2021 Authenticate at: http://www.cyberdriveillinois.com Desse White



# Illinois Department of HF PUBLIC HEALTH

HF 119129

#### LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the fillnois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Ngozi O. Ezike, M.D.

Issued under the authority of the thinois Department of Public Health

Director

OPERATION DATE

12/31/2020

CATEGORY

334

0004119

**General Hospital** 

Effective: 01/01/2020

Anderson Hospital 6800 State Route 162 Maryville, IL 62062

The face of this license has a colored background, Printed by Authority of the State of illinois • P.O. il 19-493-001 10M 9/18

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2020

Lic Number

0004119

Date Printed 10/22/2019

Anderson Hospital

6800 State Route 162 Maryville, IL 62062

FEE RECEIPT NO.

FEE RECEIPT NO.

Anderson Surgical Center LLC

Date Printed 07/24/2020

3403 Anderson Healthcare Dr

Edwardsville, IL 62025

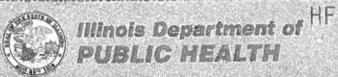
The person, firm or corporation whose name appears on this certificate has compiled with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as The face of this license has a colored background. Printed by Authority of the State of lithous • P.O. #19-483-001 10M 9/18 120978 LICENSE, PERMIT, CERTIFICATION, REGISTRATION Issued under the authority of the Illinois Department of Public Health Ambulatory Surgery Treatment Center 7003235 Illinois Department of HF Effective: 07/23/2020 PUBLIC HEALTH Anderson Surgical Center LLC 3403 Anderson Healthcare Dr Edwardsville, IL 62025 CATEGORY Ngozi O. Ezike, M.D. Director EXPRATION DATE 07/22/2021 indicated below.

Exp. Date 07/22/2021

Lic Number

DISPLAY THIS PART IN A CONSPICUOUS PLACE

59



HF 119891

### LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Ngozi O. Ezike, M.D.

tassed under the nothorby of the littripis Department of Public Health

Director EXPURATION DATE

CATEGORY

I.D. NUMBER

6/30/2021

0000414

Critical Access Hospital

Effective: 07/01/2020

Community Hospital of Staunton 400 N Caldwell St Staunton, IL 62088

The face by test access has a colored buskupound Printed by Authority of the State of Tillnois • P.C.S. (19-403-007-106) as the

# Southwestern Illinois Health Facilities, Inc.

Maryville, IL

has been Accredited by



### The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the Hospital Accreditation Program

October 21, 2017

Accreditation is customarily valid for up to 36 months.

ID #7380

Print/Reprint Date: 12/12/2017

Mark R. Chassin, MD, FACP, MPP, MPH

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.





ard of Commissioners







## ... Anderson Healthcare

November 25, 2020

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

Re: No Adverse Actions / Authorized Access to Information

Dear Ms. Avery:

I am the applicant representative of Anderson Healthcare. I hereby certify that there have been no adverse actions taken against the following facilities owned and operated by Anderson Healthcare (previously Southwestern Illinois Health Facilities, Inc.) during the three years prior to the filing of this application:

Anderson Hospital, Maryville

Community Memorial Hospital Association, known as Community Memorial Hospital, d/b/a Community Hospital of Staunton

Anderson Surgery Center, Edwardsville

Furthermore, I hereby authorize the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health (IDPH) to access any documents necessary to verify the information submitted, including but not limited to any or all of the following: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations, as identified in the requirements specified in 77 III. Adm. Code 1110.110(a).

Keith Page, FACHE **President & CEO** 

BETH A. COULTER OFFICIAL SEAL Notary Public - State of lilinois My Commission Expires Aug 02, 2023 Maryville, IL 62062

\$00 State Route 162 618-288-5711

Attachment 11

#### Purpose of the Project

Anderson Hospital and its parent Anderson Healthcare have a 43 year history of service to the residents of Madison County and the surrounding area. While providing a large volume of inpatient services, they have also transitioned care to the outpatient setting, both at the main hospital campus in Maryville, and at the newly developing campus in Edwardsville.

The proposed Goshen Medical Building on the Anderson campus in Edwardsville complements the recently opened Anderson Surgery Center on the Edwardsville campus and the Anderson Rehabilitation Institute now under construction adjacent to the surgery center. The medical building will provide a location for Anderson Medical Group physicians and mid-level providers to extend outpatient office care as well as convenient urgent care and imaging support to residents of the area.

## 1. Document that the project will provide health services that improve health care or well being of the market area population to be served.

Anderson Medical Group (AMG) is a multi-specialty group practice that has grown from a complement of 30 providers in 2016 to 73 in 2020. The 73 providers now include 44 physicians, 11 physician assistants and 18 nurse practitioners. The model of care blends the experience and skills of these practitioners to deliver personalized high quality care in a cost effective setting. The growth of AMG has kept pace with increasing demand by residents of Madison County and the surrounding area. Visits increased by an average annual rate of 9.6 percent, from 103,465 in 2016 to 133,352 visits in 2019.

There is no opportunity for expanding AMG in its existing building on the Anderson campus in Maryville. There is no space available to enable the recruitment of additional physicians or mid-level practitioners. The growth of the group over the past decade has resulted in full utilization of the practice offices on the Anderson campus.

An increasing part of the demand for these services comes from several communities in the Edwardsville area. There are several small AMG outpatient practices now located in this area – in Edwardsville and Glen Carbon. Most of the current offices are within 5 miles of the site of the proposed Goshen Medical Building.

These small clinic practice locations in Edwardsville and Glen Carbon have a total of 15 AMG providers. None of the sites has a sufficient critical mass to provide the capacity to meet the growing need, or provide efficient care delivery. The new medical building in Edwardsville will allow for the consolidation of these practice sites into a centralized delivery setting. The proposed building will have the capacity to accommodate 23 providers and their patients, allowing for the recruitment of 8 additional providers.

The consolidation of the small practices in Edwardsville and Glen Carbon will result in improvement in the cost and quality of care. For example, consolidating eliminates the duplication of staffing (such as receptionists, schedulers, facilities maintenance, etc.) now required at each of the sites, and promotes the efficient use of employees and volunteers at the centralized new medical building. Productivity is increased because staff will be able to move from patient to patient rather than experiencing gaps in care due to small numbers and delayed arrivals of patients. Scheduling staff, managing workloads and

sharing responsibilities is easier to coordinate when patient volumes are increased through consolidation of small sites. Finally, the costs of maintaining several undersized locations are transferred to the more efficient new building.

Imaging equipment at Anderson Hospital in Maryville serves patients of AMG physician officed on the Maryville campus. This equipment is at or nearing capacity, requiring additional imaging equipment to meet AMG patient needs. Capacity problems are resolved at Maryville and patient satisfaction is increased due to the planned availability of an array of imaging services and ancillary testing on site at the Goshen Medical Building. Except for basic xray, these diagnostic imaging services are not available at any of the several small AMG practice locations. The project also expands urgent care capacity and services in the geographic area of the project. Blood draw and basic lab testing will be provided on site, as well as physical, occupational and speech therapy.

It is especially important to incorporate area economic development trends and population changes and growth in the Edwardsville area. This project, and the development of the entire Goshen campus, responds to the experienced and planned growth of the Edwardsville and Glen Carbon area. This area is prime for significant residential, commercial, recreational and industrial development in the I-55 corridor area near the intersection with interstate Illinois 143. The project site is about a mile from this interchange, and is proximate to two new schools and the area's YMCA. The proposed medical building contributes to the new development momentum in the area.

The Madison County I-55 Corridor: Transportation and Growth Management Plan was developed by Madison County, Edwardsville and Glen Carbon in 2006 to guide this development. Work on the plan continues as the region evolves. The plan was recently featured in an article in the Belleville News-Democrat on October 21, 2020, Ready or not, I-55 corridor growth promises to change Edwardsville area in a big way. (See appendix 1 of this permit application for the first 16 pages of the article.) Some of the comments from the article are as follows:

- "The city's comprehensive plan estimates that total build-out (in Edwardsville) will be 36,000 by the year 2035," said Walt Williams, economic/community development director. "Right now, we are sitting at 26,600."
- "They approved the I-55 Corridor Transportation and Growth Management Plan in 2006 and spent the next decade coming up with massive codes for zoning, density, architecture, infrastructure, signs, lighting, green space and parking."
- "In 2018, Anderson Healthcare, the system that operates Anderson Hospital in Maryville, announced it would convert 15 acres of farmland across from the YMCA into a Goshen Campus ... The hospital's plan includes an 18,000 sq ft surgery center, pediatric clinic and specialty clinic that recently opened; a nearly 50,000-square-foot acute rehabilitation institute now under construction; and a 50,000-square foot medical office building."

A June 26, 2015 memo by Matt Brandmeyer, Madison County Administrator (See Appendix 2 of this permit application) provides a review of demographic trends. Some of the highlights that are relevant to the Corridor Plan and the Goshen Medical Building project:

- "(Market analysis) shows that from 1990 to 2000, Madison County's population grew by 3.9%, Edwardsville grew by 43.2%, and Glen Carbon grew by 35%."
- "Between the two communities, population projected to grow an aggressive 61,900, an average of 57,700, or a moderate 53,800 people by 2025.
- "The profile revealed the continuing shift of population from the river cities to bluff cities from 2000 to 2010. While Edwardsville and Glen Carbon grew 42% and 59% respectively from 1990 to 2010, Alton lost 16% of its population and Granite City lost 13% during the same time period. Edwardsville grew to 24,293, and Glen Carbon grew to 12,934 for a combined population of 37,227 people."
- For Edwardsville, "... the range of projected population in 2025 is between 28,940 and 36,770."
- For Glen Carbon, "the projected 2020 population is between 14,000 and 16,000 people."

Regardless of which sets of numbers are used, Anderson's Goshen Medical Campus in Edwardsville will be part of new development in the corridor needed to meet the needs of the area's growing population.

#### 2. Define the planning area or market area, or other relevant area, per the applicant's definition.

The table on the next page shows the zip codes in the primary and secondary service areas for the proposed Goshen Medical Building. Patient volume counts are generated from AMG's medical records, for patients seen in year 2020 through September. The total volume of AMG patients is less than last year as a result of the slowdown in spring and summer caused by postponing non-emergency elective testing and treatment due to coronavirus. In addition, the patient volume counts are for 9 months of 2020 rather than for a full 12 months.

81.7 percent of patients reside in the 16 Madison County zip codes that constitute the primary service area. The remaining 11 Madison County zip codes contribute an additional 4.1% of patients, and constitute the secondary service area. As a result, total Madison County, with 85.8% of patients coming to AMG physician practices is defined as the **Planning Area** for this project. The balance of 14.2% of patients comes from outside Madison County.

## 3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.

More physician office and exam room capacity is needed to accommodate the recruitment of AMG physicians and mid-level providers, as a result of the annual average growth in visits of 9.6%. The existing office building at the Anderson Hospital in Maryville is fully occupied. Waiting times to see an AMG physician have increased, due to high volumes at concentrated times.

The existing small office practices in Edwardsville and Glen Carbon that will be consolidated in the new Goshen Medical Building are now located in older buildings. While each of the locations is handicapped

Table: Patient Origin, Anderson Medical Group

Zip Code of Patient Residence, Partia Year 2020 (through September)

大子/为在一位的原理企业等	community	population	Visits to Anderson	% of total visits to	Cumulative
	name		Medical Group (partial year, 2020)	AMG that are from this zip code	%
6.3 (0.045) (0.05)			(partial year, 2020)	this zip code	
Primary Se	rvice Area				
$\overline{}$	Edwardsville	24,868	16,433	18.40%	18.40%
62234	Collinsville	24,395		12.61%	31.01%
62040	Granite City	28,158	<del></del>		43.03%
	Glen Carbon	12,850		8.97%	52.00%
62294	Troy	10,375			60.43%
	Maryville	7,952			65.96%
	Highland	9,834			70.47%
	Wood River	10,051	1,431	1.60%	72.07%
62010	Bethalto	9,210	<del></del>		73.63%
62088	Staunton*	4,954	1,343	1.50%	75.13%
62097	Worden	1,041	1,199	1.34%	76.47%
62281	Saint Jacob	1,319		1.23%	77.70%
62002	Alton	26,208		1.09%	78.79%
62024	East Alton	5,954	<del></del>	1.01%	79.80%
62061	Marine	922	879	0.99%	80.79%
62001	Alhambra	650	799	0.89%	81.68%
Total Primary Service Area		178,741	72,965	81.68%	81.68%
(16 zip co	odes in Madison Co	ounty)			
Secondary .	Service Area				
Other Ma	dison County				
62046	Hamel	810	573	0.64%	82.32%
62035	Godfrey	17,400	490	0.55%	82.87%
62060	Madison	3,752	486	0.54%	83.41%
62067	Moro	3,517	442	0.50%	83.91%
62074	New Douglas	307	318	0.36%	84.27%
62058	Livingston	804	283	0.32%	84.59%
62018	Cottage Hills	3,617	266	0.30%	84.89%
62087	South Roxana	1,991	244	0.27%	85.16%
62084	Roxana	1,434	225	0.25%	85.41%
62040	Pontoon Beach	5,641	221	0.25%	85.66%
62048	Hartford	1,341	136	0.15%	85.81%
Subtotal, O	ther Madison Co	40,614	3684	4.13%	85.81%
Total Ping	Area (Madison Co	219,355	76,649	85.81%	85.81%
All other zi	p codes	253,647	12,681	14.19%	100.00%
Total		473,002	89,330	100.00%	100.00%

Footnote\*: While the town of Staunton is located north of Madison County in Macoupin County, part of zip code 62088 is located in Madison County.

accessible, the buildings are not in accordance with today's construction codes and design practices, and have limited patient amenities.

The urgent care center at the proposed Goshen Medical Building will have 9 exam/treatment rooms for meeting the needs of residents of the Planning Area.

Utilization of imaging equipment at the Anderson Hospital in Maryville is at capacity. For example, the two CT scanners at the hospital in Maryville accommodated over 20,000 visits last year, far in excess of the State standard of 7,000 per unit. The MRI unit's volume of more than 2900 procedures exceeded the State's standard of 2500. More radiology service is required to meet inpatient and outpatient demands at the hospital. In addition, imaging at AMG's small outpatient sites in Edwardsville and Glen Carbon is limited to x-ray. Patients seen at those sites and requiring MRI, CT, ultrasound and other services have to travel to Maryville, which means that care is decentralized and inconvenient, as well as delayed frequently due to capacity constraints at Maryville.

#### 4. Cite the sources of the documentation.

- Anderson Hospital and Anderson Medical Group patient records
- IDPH / HFSRB Provider Profiles
- US Census and Google population
- Korte Design plans and sq ft takeoffs
- Madison County I-55 Corridor: Transportation & Growth Management Plan, the HOK Planning Group
- Review of Demographic Trends, Memorandum by Matt Brandmeyer, Madison County Administrator, June 26, 2015
- "Ready or not, I-55 corridor growth promises to change Edwardsville area in a big way," Belleville News-Democrat, October 21, 2020

## 5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

The new Goshen Medical Building will consolidate and expand clinic services, imaging and urgent care to the populations residing in central Madison County. The cost of ambulatory services at the new facility will be lower than the cost of comparable services delivered at Anderson Hospital at current hospital outpatient rates. Having an array of radiology modalities offered at the new facility will allow patients to have their testing done in conjunction with their exam visit, rather than have to arrange and travel to a separate appointment at Anderson Hospital. Patient satisfaction will be improved, and results will be more quickly available.

## 6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

Objectives of the project are as follows:

- a. Open the new facility for patient service by September, 2022.
- b. Accommodate over 110,900 patient visits to AMG providers annually.

- c. Accommodate over 16,200 annual urgent care visits
- d. Offer lab testing and PT/OT and speech therapy services.
- e. Increase operational efficiency and patient satisfaction scores.

#### **Alternatives**

Several options were considered before the decision was made to pursue the development of a medical office building on the Goshen campus in Edwardsville. The project enables 110,900 patient visits to Anderson Medical Group providers, as well as an array of outpatient services including urgent care, diagnostic imaging, PT/OT and speech therapy, and blood draw/lab.

The site is part of the 15 acre parcel owned by Anderson Real Estate, a subsidiary of Anderson Healthcare. The site plan on the following page shows the medical building on the northwest corner of the 15 acre parcel, on the east side of District Drive. Other buildings on the campus are the recently opened Anderson Surgery Center and the Anderson Rehabilitation Institute now under construction.

Alternatives considered in project planning are the following:

- 1. Expand the existing Anderson Medical Group office building in Maryville.
- 2. Construct the medical office building at another location.
- 3. Construct a larger building than the proposed 50,000 sq ft medical office building.
- 4. Have full ownership of the project by Anderson Hospital without engaging a developer to own and lease the building to Anderson Real Estate.
- 5. Do nothing.

#### Alternative 1: Expand the existing Anderson Medical Group office building in Maryville.

This option would accommodate the increasing demand for physician and mid-level provider offices and exam and treatment rooms to accommodate the ongoing growth in outpatient visits. The current building accommodates about 60 providers, and has no capacity for adding staff. No other hospital space is available for conversion to outpatient clinic space. Space in an adjacent parking lot could be used to construct a new 50,000 sq ft building, similar to the planned project in Edwardsville. Cost of building on the Anderson Hospital campus in Maryville would be comparable to the capital cost of the Edwardsville project.

This option was rejected because it does not extend Anderson Medical Group services to patients in Edwardsville and the surrounding communities who rely on Anderson Hospital and the medical group for health care. By locating in Edwardsville, the project brings a full array of diagnostic imaging, urgent care and PT/OT services, increasing the continuum of care available to area residents. The project also continues the evolution of the Goshen campus to a more complete model for care delivery. It also enhances the existing ASTC and the future Anderson Rehabilitation Hospital on that campus by bringing more providers and patients to the developing campus, thereby achieving economies of scale (the provision of coordinated security service, utilization of parking, delivery of materials and supplies, and other shared services).

In addition, this option would not serve the consolidation of the existing small AMG practice offices in Edwardsville and Glen Carbon, which is one of the main factors why the Edwardsville site advances health care in that service area.





#### Alternative 2. Construct a medical office building at another location.

Other locations in central Madison County were considered. However, none of those sites are owned by Anderson Real Estate. These options were rejected because purchasing land for the project would increase the cost of this alternative above the cost of the proposed project in Edwardsville by between \$1.2 and \$1.5 million. More importantly, the proposed site is adjacent to the Anderson Surgery Center and the Anderson Rehabilitation Institute under development, resulting in economies of scale for each of the clinical entities.

#### Alternative 3. Construct a larger building than the proposed 50,000 sq ft medical office building.

A larger building would allow for potential growth beyond the projected annual 110,900 visits in year 2024. Recruiting additional providers has not been a limiting factor in Anderson's service delivery planning. The proposed building, however, has been sized to accommodate a conservative volume of increased office visits. The urgent care and diagnostic imaging components are scaled to fit the needs of the clinic practices and community demand.

The option was rejected because of the added cost of between \$3 and \$7 million associated with a larger building, and the expectation that the planned building will be adequate to accommodate future volumes. An option exists to add medical offices on an additional parcel on the Goshen campus, if needed.

Alternative 4. Have full ownership of the project by Anderson Hospital without engaging a developer to own and lease the building to Anderson Real Estate.

This option would cause Anderson Healthcare to commit significantly more capital funds to the project than is required by the current proposal. Anderson Healthcare has a very strong balance sheet, has no outstanding bond issues or indebtedness, and could easily afford to do the project. It is using a similar developer/lease model for construction of the Anderson Rehabilitation Institute.

Anderson has rejected the ownership approach because it prefers to preserve its capital. Instead of using the funds for the project, the funds can be invested to generate returns that can support operations and expanded clinical service delivery in the community.

#### Alternative 5. Do nothing.

AMG clinical visits have expanded by an annual average increase of 9.6% since 2016, to a level of 133,352 in 2019. There is no space available for adding physicians or other providers in the existing AMG facilities in Maryville. Moreover, the small satellite offices in Glen Carbon and Edwardsville have no radiology services other than basic x-ray, meaning that patients seeing providers at those sites and needing diagnostic imaging have to go to Anderson Hospital in Maryville, resulting in delay in care and inconvenience to the patient. The proposed project increases convenient access to a range of diagnostic imaging modalities close to home of patients who will have their medical exams at the Goshen Medical Building.

This option was rejected because doing nothing means that Anderson Hospital and AMG are not able to grow to meet the increasing demand for their services.

1110.120 Project Size, Utilization and Unfinished / Shelled Space

#### SIZE OF THE PROJECT

The project is new construction of a two-story ambulatory care building with approximately 50,000 building gross square feet. Departmental gross sq ft (dgsf) totals 45,185 sq ft. 28,217 dgsf is clinical; 16,968 is considered non-clinical. Clinic exam and treatment rooms are located on the second floor. The first floor contains diagnostic imaging, the urgent care center, PT/OT and speech therapy, and the lab / blood draw area. Room sizes and layouts, adjacencies, circulation and supporting space have been designed to meet current standards for care delivery.

The distribution of space is shown on the table below. All services for which the State has space standards meet those standards.

There is no shelled space in the proposed project.

Department/Service	Proposed DGSF	State Standard (dgsf)	Difference	Met Standard?	
Clinical/Reviewable					
Imaging					
CT Scan	1,217	1,800	583	Yes	
MRI	1,614	1,800			
Ultrasound	841	900		Yes	
X-ray / fluoroscopy	1,056	1,300	244	Yes	
Urgent Care (9 rooms)	3,693	9 x 800 = 7,200	3,507	Yes	
Ambulatory Clinics (56 rooms)	14,697	56 x 800 = 44,800		Yes	
Lab / draw station	1,206	NA			
PT OT/ speech	3,893	NA			
Non-clinical/Non-reviewable					
Other space					
Lobby, recept, waiting, circ	10,074	NA			
Food service	1,353	NA			
Admin, staff sup, lock/loung	3,293	NA			
Mech, bldg syst, hsk, storage	2,248	NA NA			
Total dgsf	45,185				

#### **Project Services Utilization**

The Goshen Medical Building will house exam/treatment rooms to accommodate primary and specialty clinic visits; an urgent care center for immediate care; diagnostic imaging; physical, occupational and speech therapy; and lab draw services. All of these are new services, except for a portion of the urgent care visits which will be relocated from the express care facility to be closed in nearby Glen Carbon, and a number of the office visits from small practice offices in the area being consolidated in the new medical building.

The following table presents relevant historic utilization data in support of volume projections also shown in the table. Since there is no historic information at the proposed new Goshen Medical Building, historic information in the table is collected from a mix of locations: imaging at Anderson Hospital (in order to show high utilization of the modalities there), urgent care at the four Anderson locations in Madison County, clinic visits for the Anderson Medical Group whose primary location is at Anderson Hospital, and therapy services based at Anderson Hospital. Projections of utilization are specific to the Goshen Medical Building proposed in Edwardsville (not to projections at Anderson Hospital or the other operations.)

Performance against state standards is shown for those services for which standards are in place. The rationale supporting projections follows the table.

Department/	Historic Uti	ilization (at	Anderson H	lospital, Ma	ryville)	Projected L	Itilization a	t Edwardsville	State	Met
Service	2016	2017	2018		# units	2023		# units	Standard	Standard
Imaging										
CT scan	16419	17464	17722	20064	2	926	1,183	1	7,000	γes
MRI	3318	3217	3390	2909	1	1,769	1815	1	2,500	yes
Ultrasound	10918	11579	12211	12198	4	2,423	2,673	1	3,100	γes
X-ray	43475	42369	43021	43080	4	4,307	4,786	1	8,000	yes
Fluoroscopy	1621	1637	1682	1437	1	180	200	1	6,500	yes
Urgent Care	Historic Uti	lization at 8	xpress Care	locations		14,500	16,281	9	2,000	yes
Glen Carbon	8380	8149	7054	6161						
Collinsville	8815	9335	8649	8289					1	
Highland/Troy	3401	4337	4093	5422						
Bethalto	1441	1558	1457	1501						
Tot Express Care	22037	23379	21253	21373						
	Historic Uti	l, Anderson	Med Group	locations						<u> </u>
Exam/Treatment	103,465	112,224	134,136	133,352		105,000	110,922	56	2,000	yes
(AMG)										
Other services	Historic Uti	lization (at	Anderson H	ospital, Ma	ryville)				<u> </u>	
PT	8010	8093	7758	8444		7,160	7,520		NA .	
ОТ	1229	1132	812	1315		1,140	1,197		NA	
Speech therapy	437	541	496	478		438	460		NA	
Lab	254,809	268,393	271,859	267,115		29,434	30,024		NA	

#### Diagnostic Imaging

Historic volumes for the past four full years are shown in the table for imaging equipment in place at Anderson Hospital in Maryville. Utilization levels there meet or exceed State standards. Scheduling appointments often exceeds several weeks due to high volumes at peak times.

Additional radiology services are provided at Maryville Imaging, a stand-alone non-hospital based service located in Maryville and not located on the hospital campus. Anderson Healthcare (then Southwestern Illinois Health Facilities, Inc.) acquired the imaging center in 2011 from a private operator. The facility is operated independently from the hospital, with a separate chargemaster offering high quality radiology service at lower cost, appealing especially to area residents with a large portion of their medical bills paid out of pocket. Physicians throughout the area refer their patients to Maryville Imaging, including many not on the staff at Anderson Hospital and chiropractors.

In 2019, Maryville Imaging volumes were as follows:

CT 1,790 visits

MRI 2,711 procedures

Ultrasound (2 units) 3,849 visits

X-Ray 6,323 procedures Fluoroscopy 200 procedures

There is one unit of each modality at the Maryville Imaging site except for the two ultrasound units. Combined with the imaging volumes at the hospital, these volumes support the need for the units proposed at Goshen Medical Building.

The projected diagnostic imaging volumes at Goshen Medical Building are shown in the table on the previous page. These projections have been arbitrarily set at the historic year 2013 volumes at Anderson Imaging, two years after its acquisition in 2011. The actual 2019 volumes for CT, MRI, ultrasound and xray for Anderson Imaging shown above far exceed the 2013 volumes. The growth is offered as evidence that the projections based on historic Anderson Imaging are very conservative. This is especially the case since the imaging service at Goshen Medical Building will provide diagnostic radiology tests related to the 110,900 annual clinic visits as well as the 16,281 urgent care visits at the medical building.

The projected radiology volumes at Goshen Medical Building support the planned introduction of one unit of each of the imaging modalities.

#### **Urgent Care Visits**

16,281 visits to urgent care at the new facility are projected in year 2024, two years after project completion. There are three components of the projection as follows:

- 1) Anderson's Express Care facility at Glen Carbon averaged 7,438 annual visits over the past 4 years. Upon the opening of the new Goshen Medical Building, the Express Care service in Glen Carbon is scheduled to be closed, with volumes transferred to the new facility. As a result, **7,438** visits are counted toward the volume at the new medical building.
- 2) As shown in the table, over the past four years there was an average of 22,010 total annual visits at the four Express Care locations. Following the closure of Glen Carbon and the relocation of its 7,438 visits, the remainder will be 14,572 visits at the other three locations. It is assumed that about 25% of

patients at these facilities, or **3,643**, will take advantage of the availability of the new and larger facility in Edwardsville.

3) An additional **5,200 – 5,400** annual visits to urgent care are anticipated from patients in the northern part of Madison County near and south of Staunton. Community Hospital of Staunton is a member hospital of Anderson Healthcare, and is located 19 miles the north of Edwardsville. It does not provide urgent care services. Urgent care services at the Goshen Medical Building are easily accessed by residents of communities in the Staunton area and along Interstate 55, which provides rapid access to Edwardsville. Similar access is available to residents of communities along the I-70 corridor to the east of Edwardsville.

The total of 7,438 + 3,643 + 5,200 = 16,281 year 2024 visits to urgent care require 8.14 rooms, or 9 exam/treatment rooms, consistent with the program in the new building.

#### Exam/Treatment Visits

The volume of clinic visits at Goshen Medical Building is projected to be 110,900 in year 2024, two years after project completion. This projection is based on visits to AMG physicians and mid-level providers:

- There will be a total of 9 physicians and 14 mid-level providers delivering care on a daily basis at the new facility.
- 8 hour weekdays plus 4.5 hours on Saturday = 5.56 days/wk. 5.56 x 50 wks = 278 days per yr.
- Each day, each physician sees 21 patients. 9 physicians x 21 patients = 189 visits per day.
- Each day, each mid-level practitioner sees 15 patients. 14 x 15 pts = 210 visits per day.
- 189 + 210 = 399 total visits per day at the facility.
- 399 visits per day x 278 days per year = 110,922 visits per year

110,922 clinic visits in year 2024 require 55.5, or 56 exam/treatment rooms, consistent with the program in the new building.

Other services for which there are no utilization standards

Projected year 2024 volumes for therapy services and lab tests are projected as follows:

Physical therapy: 7,520 visits
Occupational therapy: 1,197 visits
Speech therapy: 460 visits
Lab tests: 30,024 tests

There are two components of the projected volume of PT visits at Goshen Medical Building: outpatient visits discharged from the Anderson Rehabilitation Institute which will open in 2021, and visits by the general population in central Madison County. The methodology for the forecast is as follows:

- a) 50% of the volume is from patients discharged from the Anderson Rehabilitation Institute and require follow-up PT as outpatients.
- Anderson Rehabilitation Institute is projected to have 816 discharges in year 2023. (CON Project 19-026)
- A growth of 5% is anticipated from year 2023 to year 2024 = 857 discharges in year 2024. (Year 2024 is two years after project completion of the Goshen Medical Building.)
- Between 1/3 and 1/2 of the discharged patients will require outpatient rehabilitation. It is anticipated that the average patient will require between 9 and 12 visits. Attachment 15

- 1/3 of 857 discharges = 286; 1/2 of 857 discharges = 429. Average of 286 and 429 is 358 annual outpatients requiring PT through the Anderson Rehabilitation Institute.
- 358 patients x average 10.5 visits (average of 9 and 12) per patient = 3,760.
- b) The remaining 50% of visits will be by others in the community requiring PT. This amount also equals 3,760 visits.
- c) The total of the two components is 7,520 visits in year 2024. The projection for the previous year is 5% less, or 7,160 PT visits.

Similar rationale is the basis for the OT and speech therapy projections.

Lab testing is based on ratios of test ordering experience by AMG providers as a percent of clinic visits.

#### 1110.270 Clinical Service Areas other than Categories of Service

Service	# Existing Key Rooms	# Proposed Key Roms
Imaging		
CT scanner	0	1
MRI	0	1
Ultrasound	0	1
X-ray / flouroscopy	0	1
Urgent Care	0	9
Ambulatory Clinics	0	56
Lab / draw station	0	1
PT/OT/Speech	0	1

#### 1110.270 (b) Need Determination – Establishment

The Goshen Medical Building contains several clinical programs that are not categories of service:

Ambulatory Care Services, including clinic exam/treatment rooms and urgent care Diagnostic Imaging
Physical Therapy / Occupational Therapy
Lab / draw station

#### 1. Service to Planning Area Residents

As stated in the Purpose of the Project section, the Planning Area for the Goshen Medical Building is defined as Madison County, with a primary service area of 16 zip codes and a secondary service area of 11 additional zip codes. The Planning Area has a resident population of approximately 220,000. The Planning Area is projected to be the source of 86% of visits to the Goshen Medical Building based on zip codes of patient residence. As a result, it can be stated that more than 50% of medical building patients reside in the Planning Area and are already patients of AMG primary care and specialty physicians. Because the clinical services delivered at the proposed medical building are provided and ordered by AMG physicians who will be located at the medical building, more than 50% of all clinical services will be for residents of the Planning Area.

The remaining 14% of patients reside in zip codes outside of Madison County in counties with a collective population of approximately 254,000 additional residents.

#### 2. Service Demand

Many of the projected utilization volumes for clinical services are driven by the projected number of visits to physicians at the medical building. The model for primary care and specialty physicians to be located at the Edwardsville campus is based on the existing AMG physicians and mid-level providers at the Anderson Hospital location. As presented in the Project Services Utilization section, the 23 FTE

providers, based on hourly visit rates, are expected to accommodate over 110,000 annual visits in year 2024 at the Goshen Medical Building, two years after project completion.

This volume is in addition to the projected utilization of the urgent care center. The urgent care volumes at the Goshen Medical Building include the utilization of AMG's express care center in Glen Carbon, about 12 miles from the new project site. Visit volumes at the Glen Carbon express care center averaged 7,438 visits over the past four years. That facility will be closed, with patients transferred to the Goshen Medical Building. Other sources of patients are the Anderson existing express care locations near Edwardsville. These other centers will not be closed, but it is expected that some proportion of patients will elect to use the new facility on the Edwardsville campus, as reported in the Project Services Utilization section.

As presented in the Project Services Utilization section, the projections for diagnostic imaging services at Goshen Medical Building are conservatively based on the Year 2013 volumes experienced at Maryville Imaging, two years after it was acquired by Southwestern Illinois Health Facilities, Inc (now Anderson Healthcare). These volumes are conservative, since the following table shows how each of the diagnostic services has grown in the six years since 2013. Moreover, the imaging service in Edwardsville will accommodate the full referral needs of the ambulatory clinics with 110,900 annual visits, and the 8 room urgent care center with 16,281 annual visits.

	Maryville Imaging (yr 2013)	Maryville Imaging (yr 2019)
	(Projected yr 2024 Edwardsville)	<u>(actual yr 2019)</u>
CT scan	1,183	1,790
MRI	1,815	2,711
Ultrasound	2,673	3,849 (2 units)
X-ray	4,786	6,323
Fluoroscopy	200	200

Projected utilization of the laboratory and therapy services is based on the actual utilization of those services at various AMG and Anderson Hospital facilities. Ratios of tests ordered as a percentage of total clinic and urgent care visits have been applied to the projected volume of 110,900 clinic and 16,281 urgent care visits forecast at the Medical Building for year 2024.

#### 3. Impact of the project on other area providers

The majority of projected patients that will receive service at the proposed Medical Building are currently patients at Anderson Hospital or Anderson outpatient centers. The proposed outpatient center brings these services closer to their homes in the 16 zip code primary service area and the secondary service area. As a result it is not expected that there will be disruption of other physician existing office practices or other provider's clinic, urgent care or diagnostic imaging volumes.

#### 4. Utilization

The following volumes are anticipated in year 2024 at the medical building for clinical service areas other than categories of service. All are consistent with State utilization standards for sites with individual units, as shown in the table in the Project Services Utilization section, Attachment 15.

#### <u>Imaging</u>

CT scan 1,183 visits

MRI 1,815 procedures X-ray 4,786 procedures

Ultrasound 2,673 visits Fluoroscopy 200 visits

Clinic exam/treatment 110,900 visits

<u>Urgent Care</u> 16,281 visits

Physical Therapy 7,520 visits

Occupational Therapy 1,197 visits

Speech therapy 460 visits

<u>Lab / draw station</u> 30,024 tests

#### Attachment 33 includes the following:

1. Financial Statements for Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital December 31, 2019 and 2018. Due to a name change effective January 1, 2020, a new entity was established, Anderson Healthcare, as the parent of the system that includes Anderson Hospital, Community Hospital of Staunton and the other licensed facilities and legal entities shown on the organization chart in Attachment 4. Previously, Southwestern Illinois Health Facilities, Inc had played the role of parent. Southwestern Illinois Health Facilities, Inc was dissolved with the January 1st restructuring and name change.

#### 2. Information on Leases

- Letter by Keith Page presenting the leases between Triple Net Management, Inc and Anderson Real Estate (owner of the property), leases of space by Anderson Real Estate to Anderson Hospital, Anderson Medical Group, and Maryville Imaging, and lease of medical equipment by Maryville Imaging
- Ground Lease letter of intent, dated November 24, 2020
- Building Lease letter of intent, dated November 2, 2020

Independent Auditor's Report and Consolidated Financial Statements
December 31, 2019 and 2018

December 31, 2019 and 2018

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#### **Independent Auditor's Report**

Board of Trustees and Management Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital Maryville, Illinois

We have audited the accompanying consolidated financial statements of Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital (the "Organization"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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



Board of Trustees and Management Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital Page 2

#### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital as of December 31, 2019 and 2018, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matters**

As discussed in Note 8 to the consolidated financial statements, in 2019, the Organization adopted new accounting guidance for accounting for leases. Our opinion is not modified with respect to this matter.

St. Louis, Missouri May 19, 2020

BKD, LUP

Consolidated Balance Sheets December 31, 2019 and 2018

#### **Assets**

Sets	2019	2018
Current Assets	-	<del></del>
Cash	\$ 10,333,914	\$ 8,697,937
Short-term investments	5,006,878	5,805,853
Assets limited as to use - current	11,607,036	7,256,201
Patient accounts receivable	29,856,531	24,843,294
Estimated amounts due from third party payors	114,355	,, <u>_</u> , .
Supplies	3,135,758	3,275,540
Prepaid expenses and other	3,115,049	2,545,835
Total current assets	63,169,521	52,424,660
Assets Limited As To Use		
Self-insurance trust	20,604,397	16,715,150
Restricted under bond indenture	294,953	294,843
Other	372,793	596,043
	21,272,143	17,606,036
Less amount required to meet current obligations	11,607,036	7,256,201
	9,665,107	10,349,835
Long-Term Investments	91,509,000	76,664,719
Property and Equipment, At Cost		
Land	6,726,575	5,475,844
Land improvements	3,152,271	3,151,148
Buildings and improvements	148,326,507	147,359,693
Equipment	58,876,971	51,750,751
Construction in progress	8,136,749	6,573,690
	225,219,073	214,311,126
Less accumulated depreciation	88,320,419	93,580,919
	136,898,654	120,730,207
Right of Use Asset - Operating Leases	5,324,688	
Other Assets	2,778,315	3,110,565
Total assets	\$ 309,345,285	\$ 263,279,986

bilities and Net Assets	2019	2018
Community and the state of the	•	
Current Liabilities	\$ 5,554,938	\$ 4,377,692
Current maturities of long-term debt		\$ 4,377,692
Current maturities of operating lease liabilities	2,178,550	160 406
Current maturities of financing lease liabilities	196,309	160,486
Accounts payable	7,398,241	6,834,167
Accrued expenses	11,404,218	9,718,655
Estimated amounts due to third-party payors	7,558,795	6,434,992
Estimated self-insurance costs - current	6,972,849	7,106,000
Other	793,100	742,253
Total current liabilities	42,057,000	35,374,245
Estimated Self-Insurance Costs	16,008,151	16,261,000
		10,201,000
Long-Term Debt, Net	51,731,688	39,673,876
Operating Lease Liabilities	3,156,395	-
Financing Lease Liabilities	278,724	331,118
Total liabilities	113,231,958	91,640,239
Net Assets		
Without donor restrictions		
Anderson Hospital	195,915,235	171,226,581
Noncontrolling interest	150,000	171,020,001
Total net assets without donor restrictions	196,065,235	171,226,581
With donor restrictions	48,092	413,166
Total net assets	196,113,327	171,639,747
Total liabilities and net assets	\$ 309,345,285	\$ 263,279,986

Consolidated Statements of Operations Years Ended December 31, 2019 and 2018

	2019	2018
Revenues, Gains and Other Support Without Donor Restrictions		
Patient care service revenue	\$ 199,609,402	\$ 191,235,229
Other	3,570,260	3,582,073
Total revenues, gains and other support without donor		
restrictions	203,179,662	194,817,302
Expenses		
Salaries and wages	75,849,760	71,310,178
Employee benefits	15,938,408	14,389,083
Purchased services and professional fees	34,968,105	32,819,455
Supplies and other	61,007,880	60,137,177
Depreciation and amortization	9,102,124	8,699,736
Interest	1,701,067	1,504,990
Total expenses	198,567,344	188,860,619
Operating Income	4,612,318	5,956,683
Other Income (Expense)		
Contributions received	549,068	677,788
Investment return, net	19,255,832	(5,258,697)
Total other income (expense)	19,804,900	(4,580,909)
Excess of Revenues Over Expenses	\$ 24,417,218	\$ 1,375,774

#### Consolidated Statements of Changes in Net Assets Years Ended December 31, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions		
Excess of revenues over expenses	\$ 24,417,218	\$ 1,375,774
Net assets released from restriction used for purchase of property		
and equipment	271,436	-
Contributions from noncontrolling members	150,000	
Increase in net assets without donor restrictions	24,838,654	1,375,774
Net Assets With Donor Restrictions		
Net assets released from restriction used for purchase of property		
and equipment	(271,436)	-
Contributions received (change in present value)	(93,638)	(114,457)
Decrease in net assets with donor restrictions	(365,074)	(114,457)
Change in Net Assets	24,473,580	1,261,317
Net Assets, Beginning of Year	171,639,747	170,378,430
Net Assets, End of Year	\$ 196,113,327	\$ 171,639,747

#### Consolidated Statements of Cash Flows Years Ended December 31, 2019 and 2018

		2019		2018
Operating Activities				
Change in net assets	\$	24,473,580	\$	1,261,317
Items not requiring (providing) cash				
Depreciation and amortization		9,153,670		8,737,873
Net (gains) losses on investments		(16,109,329)		7,916,777
Loss on disposal of property and equipment		278,062		205,680
Change in accrued self-insurance costs		(640,341)		2,466,523
Change in operating right of use asset		10,257		•
Net assets released from restriction used for purchase of		(051.407)		
property and equipment		(271,436)		-
Changes in		(5.013.033)		(722.254)
Patient accounts receivable		(5,013,237)		(723,354)
Estimated amounts due to/from third-party payers		1,009,448		433,992
Supplies, prepaid expenses and other assets		(512,683)		(419,706)
Accounts payable and accrued expenses Other current assets and liabilities		526,274		2,297,603
Net cash provided by operating activities		271,188 13,175,453	_	274,448 22,451,153
Net cash provided by operating activities		13,173,433	_	22,431,133
Investing Activities				
Purchase of investments		(37,966,762)		(20,483,741)
Proceeds from disposition of investments		36,141,428		14,890,972
Increase (decrease) in internally designated assets limited as to use		262,420		(7,464)
Purchase of property and equipment		(23,214,720)		(16,018,328)
Net cash used in investing activities		(24,777,634)		(21,618,561)
Financing Activities				
Payment of debt issuance costs		(229,849)		-
Proceeds from borrowings on long-term debt		17,605,617		2,500,000
Payments on financing lease obligations		(177,620)		(174,233)
Principal payments on long-term debt		(4,192,256)		(3,223,239)
Net assets released from restriction used for purchase of property and equipment		271,436		•
Net cash provided by (used in) financing activities		13,277,328		(897,472)
Increase (Decrease) in Cash and Restricted Cash		1,675,147		(64,880)
Cash and Restricted Cash, Beginning of Year		8,822,768		8,887,648
Cash and Restricted Cash, End of Year	\$	10,497,915	\$	8,822,768
Cash	\$	10,333,914	\$	8,697,937
Restricted cash included in assets limited as to use - other	•	164,001	•	124,831
Total cash and restricted cash shown in the consolidated				<del>'</del>
statement of cash flows	\$	10,497,915	\$	8,822,768
Supplemental Cash Flows Information				
Property and equipment included in accounts payable	\$	1,723,363	\$	1,389,439
ROU assets obtained in exchange for operating lease liabilities	\$	7,764,471	\$	•
Equipment acquired through financing lease obligations	\$	161,049	\$	421,818
Interest paid	\$	1,548,384	\$	1,424,734

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital (the "Hospital") is an Illinois not-for-profit corporation that primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Maryville, Illinois and surrounding areas.

In addition, the Hospital is the sole member of Maryville Medical Services, LLC ("MMS"), an Illinois limited liability corporation that provides urgent care services in the Hospital's service area.

The Hospital is the sole member of Maryville Physician Services, LLC ("MPS"), an Illinois limited liability corporation that contracts for various physician services and provides the related billing for these services.

The Hospital is the sole member of the Anderson Hospital Foundation (the "Anderson Foundation"), an Illinois not-for-profit corporation. The Anderson Foundation offers such donor opportunities as endowments, planned giving, charitable gift annuities, grants, memorials, bequests, naming rights, annual campaigns and future capital campaigns.

The Hospital is the sole member of Anderson Real Estate, LLC ("Anderson Real Estate"), an Illinois limited liability corporation that was established for real estate transactions and holdings.

The Hospital is the sole member of Maryville Imaging, LLC ("Maryville Imaging"), an Illinois limited liability corporation, which operates a freestanding outpatient diagnostic imaging center located in Maryville, Illinois.

The Hospital formed Anderson Surgery Center, LLC ("Anderson Surgery Center") on April 1, 2019. The Anderson Surgery Center is an Illinois limited liability company in which the Hospital controls approximately 90 percent of the membership units. There were no operations at Anderson Surgery Center during 2019 except member contributions.

The Hospital is the sole member of Community Memorial Hospital Association d/b/a Community Hospital of Staunton ("Staunton Hospital"), an Illinois not-for-profit corporation that primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Staunton, Illinois and the immediate surrounding area. Staunton Hospital is the sole member of Friends of Community Memorial Hospital d/b/a Friends of Community Hospital of Staunton (the "Staunton Foundation"), which conducts fundraising activities and manages activity related to contributions.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, MMS, MPS, Maryville Imaging, Anderson Real Estate, Anderson Surgery Center, Anderson Foundation, Staunton Hospital and the Staunton Foundation (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

At December 31, 2019, the Organization's cash accounts exceeded federally insured limits by approximately \$11,042,000.

#### Debt Investments

Debt securities held by the Organization are classified and recorded in the consolidated financial statements as trading securities. Securities that are bought and held principally for the purpose of selling in the near term and, therefore held for only a short period of time. Changes in fair value are included in excess revenues over expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

#### Equity Investments

The Organization measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess revenues over expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

#### Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of operations and changes in net assets as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

#### Assets Limited as to Use

Assets limited as to use include: (1) assets held by trustee under bond indenture agreements (2) a self-insurance trust arrangement (3) a USDA reserve account and (4) assets set aside by the board of trustees for future capital improvements over which the board retains control and may at its

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

discretion subsequently use for other purposes. Amounts required to meet current liabilities are included in current assets. Board designated cash included in assets limited as to use includes cash for repayment of USDA long-term debt.

#### Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others. As a service to the patient, the Organization bills third-party payors directly and bills the patient when the patient's responsibility for co-pays, coinsurance and deductibles is determined. Patient accounts receivable are due in full when billed. The Organization recognizes amounts related to health care services provided to patients which have not been billed as a component of patient accounts receivable as the Organization has the unconditional right to payment for health care services provided.

#### Supplies

The Organization states supply inventories at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

#### **Property and Equipment**

Property and equipment are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	10-25 years
Buildings and improvements	15-40 years
Equipment	3-10 years

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the asset is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service.

#### Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2019 and 2018.

#### Contributions Receivable

Contributions receivable which are donor restricted for future capital improvements amounted to approximately \$54,000 and \$440,000 at December 31, 2019 and 2018, respectively. Of the total amount receivable at December 31, 2019 and 2018, approximately \$1,000 and \$95,000, respectively, is due within one year and included in other current assets, and the remaining amounts are due within two years and included in other assets.

#### **Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for capital improvements.

Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose or restricted by donors to be maintained by the Organization in perpetuity.

#### Patient Care Service Revenue

Patient care service revenue is recognized as the Organization satisfies performance obligations under its contracts with patients. Patient care service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policies and implicit price concessions provided to uninsured patients.

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

The Organization determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payor groups. The Organization determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payors.

#### **Charity Care**

The Organization provides care without charge, or at amounts less than its established rates, to patients meeting certain criteria under its charity care policy. Because the Organization does not pursue collections of amounts determined to qualify as charity care, these amounts are not reported as patient care service revenue. The Organization's direct and indirect costs for services furnished under its charity care policy aggregated approximately \$1,585,000 and \$2,108,000 for the years ended December 31, 2019 and 2018, respectively. The costs of charity care provided is determined by computing a ratio of allowable costs to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients.

#### **Contributions**

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Unconditional gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions at fair value. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions at fair value. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. Donor-restricted conditional gifts in which the condition and restriction is met in the period the gift is received are reported as revenue and net assets without donor restrictions.

#### **Employee Health Claims**

Substantially all of the Organization's employees are eligible to participate in the Organization's health insurance plan. The Organization is self-insured for health claims of participating employees and dependents up to limits provided for in an agreement with its insurance Plan

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Notes to Consolidated Financial Statements
December 31, 2019 and 2018

Administrator. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Organization's estimate will change by a material amount in the near term.

#### **Professional Liability Claims**

The Organization recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in Note 6.

#### **Income Taxes**

The Organization has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income and taxable income of MPS.

The Organization files tax returns in the U.S. federal jurisdiction.

#### Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

#### Affordable Care Act Compliance

As part of the Affordable Care Act, hospitals exempt from the tax under Section 501(c)(3) of the Internal Revenue Code are required to comply with the new requirements under new Code Section 501(r). Code Section 501(r) requires exempt hospitals prepare and implement a community health needs assessment, implement a financial assistance policy, implement an emergency care policy, limit charges to individuals eligible for financial assistance and refrain from certain collection actions for patients that may qualify for financial assistance.

Failure to comply with these requirements could result in a hospital not being recognized as exempt under Code Section 501(c)(3). The Internal Revenue Service (IRS) has not issued guidance on how they intend to enforce the provisions related to Code Section 501(r). The Organization believes it has taken reasonable steps to comply with Code Section 501(r) and has recorded no provision relative to the Organization's compliance or non-compliance with Code Section 501(r). However, this could change materially in the near-term.

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Reclassifications

Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the 2019 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

#### Note 2: Patient Care Service Revenue

Patient care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility and patient accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

#### Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Organization receiving inpatient acute care services or patients receiving services in its outpatient centers. The Organization measures the performance obligation from inpatient admission, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting, e.g., pharmaceuticals and medical equipment, and the Organization does not believe it is required to provide additional goods related to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Transaction Price

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

#### **Third-Party Payors**

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare - The Hospital is paid at prospectively determined rates per discharge for inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through December 31, 2015.

Staunton Hospital is designated as a critical access hospital. This designation provides for inpatient and outpatient services to be reimbursed on a cost based methodology. Staunton Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by Staunton Hospital and audits thereof by the Medicare administrative contractor. Staunton Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2015.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under prospectively determined fee schedules.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

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

Settlements with third-party payors for retroactive adjustments due to cost report or other audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant in 2019 or 2018.

#### Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. For the years ended December 31, 2019 and 2018, no significant additional revenues were recognized due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients. For the years ended December 31, 2019 and 2018, implicit price concessions were approximately \$12,997,000 and \$11,043,000, respectively.

Patients who meet the Organization's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

#### Refund Liability

From time to time the Organization will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. At December 31, 2019 and 2018, the Organization recorded a liability for refund payable of approximately \$710,000 and \$410,000, respectively, which is included within accounts payable on the consolidated balance sheets.

#### Revenue Composition

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payor class and service line. Substantially all patient care service revenue is recognized over time. A table providing details of this factor is presented below.

The composition of patient care service revenue, recognized in the years ended December 31, 2019 and 2018, was approximately:

	2019	2018
Medicare	\$ 49,920,000	\$ 50,421,800
Medicaid	8,387,600	12,361,000
Other third-party payors	129,933,200	119,022,200
Self-pay	11,368,600	9,430,200
Total	\$ 199,609,400	\$ 191,235,200

The composition of patient service revenue based on lines of business for the years ended December 31, 2019 and 2018, are as follows:

	2019	2018
Inpatient	\$ 52,958,60	\$ 62,284,400
Outpatient	125,591,60	107,720,400
Physician	17,285,10	17,781,100
Clinic	3,774,10	3,449,300
Total	\$ 199,609,40	\$ 191,235,200

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

#### **Contract Costs**

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

#### Illinois Hospital Medicaid Assessment Programs

The state of Illinois enacted legislation that provides for a hospital assessment program intended to qualify for federal matching funds under the Illinois Medicaid program. Under the hospital assessment program, each hospital is assessed tax based on that hospital's adjusted gross hospital revenue. The legislation provides that none of the assessment funds are to be collected and no additional Medicaid payments are to be paid until the program receives the required federal government approval through the federal Centers for Medicare and Medicaid Services.

In October 2013, the Centers for Medicare and Medicaid Services notified the Illinois Department of Healthcare and Family Services of its approval of the Enhanced Hospital Assessment Program effective July 1, 2012, which is anticipated to generate an additional annual net benefit for Illinois hospitals under the Hospital Assessment Program.

In June 2018, the U.S. Centers for Medicare and Medicaid Services notified the Illinois Department of Healthcare and Family Services of its approval of the Enhanced Hospital Assessment Program effective July 1, 2018, which is anticipated to generate an additional annual net benefit for Illinois hospitals under the Hospital Assessment Program.

The effects of both programs in the consolidated statements of operations for the years ended December 31, 2019 and 2018, are as follows:

	201 <del>9</del>	2018		
Additional Medicaid payments included in patient care service revenue	\$ 11,010,711		\$	10,787,670
Taxes assessed and included in supplies and other	\$ 7,185,122		\$	7,039,575

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

The hospital assessment programs contain a sunset provision effective June 30, 2020, and there is no assurance the program will not be discontinued or materially modified.

#### Note 3: Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2019 and 2018, is:

	2019	2018		
Medicare	30%	23%		
Medicaid	5%	5%		
Other third-party payors	56%	63%		
Patients	9%	9%		
	100%	100%		

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

#### Note 4: Investments and Net Investment Return

#### Assets Limited as to Use

Assets limited as to use at December 31 include:

	2019	2018		
Held by trustee under self-insurance trust				
Cash equivalents	\$ 1,184,937	\$ 828,285		
Fixed income securities	<b>4</b> 1,101,55.	<b>4</b> 020,200		
Certificates of deposit	368,748	-		
Corporate bonds	2,579,295	2,106,637		
U.S. government-sponsored enterprises	505,416	431,068		
U.S. Treasury notes	3,023,287	2,462,700		
Fixed income mutual funds	3,166,298	3,125,326		
Equity	, ,	, ,		
Mutual funds				
Small cap	9,770	463,710		
Mid cap	4,569,848	867,403		
Large cap	1,205,322	3,275,258		
International	3,934,389	2,534,134		
Common stock	- ,,	_, ,, ,		
Industrials	_	74,309		
Materials	-	7,316		
Consumer discretionary	-	168,915		
Consumer staples	_	122,144		
Energy	_	6,220		
Financials	_	113,186		
Health care	-	26,514		
Information technology	-	48,684		
Interest receivable	57,087	53,341		
	\$ 20,604,397	\$ 16,715,150		
Held by trustee under bond indenture				
Cash equivalents	\$ 294,949	\$ 294,839		
Interest receivable	φ 254,545 1	φ 23 <del>1</del> ,033		
interest receivable	\$ 294,953	\$ 294,843		
	<del>\$ 254,533</del>	\$ 274,043		
Other assets limited as to use				
USDA reserve account				
Deposits	\$ 164,001	\$ 124,831		
Internally designated for capital improvements				
Repurchase agreements	-	464,296		
Interest receivable		6,916		
Investments	208,792	-		
	\$ 372,793	\$ 596,043		
	φ 312,193	φ 370,043		

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

#### Other Investments

Other investments at December 31 include:

	2019	2018		
Cash equivalents	\$ 4,456,921	\$ 2,520,062		
Fixed income securities	, , , , , , , , , , , , , , , , , , , ,	,,2		
Corporate bonds	12,620,627	9,048,713		
U.S. Treasury notes	9,251,588	6,305,406		
U.S. government-sponsored enterprises	2,992,063	6,090,191		
Fixed income mutual funds	6,999,744	10,492,364		
Equity securities	,	, ,		
Mutual funds				
Small cap	2,390,271	3,307,561		
Mid cap	8,366,767	5,682,601		
Large cap	27,565,113	21,155,351		
International	20,275,813	14,380,055		
Other	1,087,223	1,179,356		
Preferred stock		. ,		
Energy	1,229	-		
Common stock				
Industrials	97,541	279,997		
Materials	-	27,478		
Consumer discretionary	-	626,581		
Consumer staples	-	461,575		
Energy	-	21,038		
Financials	117,881	421,798		
Utilities	96,622	· <u>-</u>		
Health care	-	99,245		
Information technology	-	179,042		
Interest receivable	196,475	192,158		
	96,515,878	82,470,572		
Less long-term investments	91,509,000	76,664,719		
Short-term investments	\$ 5,006,878	\$ 5,805,853		

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

Total investment return is comprised of the following:

	2019	2018		
Interest and dividend income Realized gains on sales of securities	\$ 3,187,196 1,988,547	\$ 2,658,080 1,093,354		
Realized investment return	5,175,743	3,751,434		
Net change in unrealized gains (losses)	14,080,089	(9,010,131)		
Total investment return	\$ 19,255,832	\$ (5,258,697)		

#### Note 5: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

		2019							
		_		Fair Value Measurements Using					
	Total		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Investments			•	•					
Equities									
Common stock									
Industrials	S	97,541	\$	97,541	\$	_	\$	_	
Financials	•	117,881	•	117,881	•	-	-	-	
Utilities		96,622		96,622		-		-	
Preferred stock		•							
Energy		1,229		1,229					
Mutual funds									
Small cap funds		2,400,041		2,400,041		-		-	
Mid cap funds		12,936,615		12,936,615		-		-	
Large cap funds		28,770,435		28,770,435		-		-	
International funds		24,210,202		24,210,202		-		-	
Other		1,296,015		1,296,015		-		-	
Fixed income									
U.S. government-sponsored									
enterprises		3,497,479		-		,497,479		-	
U.S. Treasury notes		12,274,875		-		,274,875		-	
Corporate bonds		15,199,922		-		,199,922		-	
Fixed income mutual funds		10,166,042		-	10	,166,042		-	
	1	11,064,899							
Cash equivalents (A)	•	6,100,808							
Certificates of deposit (A)		368,748							
Accrued interest (A)		253,566							
	\$	17,788,021							
		, , , , , , , , , , , , , , , , ,							

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

		2018						
		-	Fair Value Measurements Usin					
				Quoted Prices		. 167 4		
	Total	Total	in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Investments								
Equities								
Common stock								
Industrials	S	354,306	\$	354,306	\$		\$	-
Materials		34,794		34,794				
Consumer discretionary		795,496		795,496		323		-
Consumer staples		583,719		583,719		-		12
Energy		27,258		27,258				-
Financials		534,984		534,984		-		-
Health care		125,759		125,759		-		-
Information technology		227,726		227,726		-		
Mutual funds								
Small cap funds		3,771,271		3,771,271				-
Mid cap funds		6,519,995		6,519,995		-		
Large cap funds		24,460,618	:	24,460,618		-		-
International funds		16,914,189		16,914,189		0.50		7
Other		1,179,356		1,179,356				3.4
Fixed income								
U.S. government-sponsored								
enterprises		7,117,306		-	7	,117,306		-
U.S. Treasury notes		8,768,106		-	8	3,768,106		-
Corporate bonds		11,155,350		-	11	,155,350		17
Fixed income mutual funds		13,617,690		-	13	,617,690		-
		96,187,923						
Cash equivalents (A)		3,643,189						
Accrued interest (A)		245,496						
	\$	100,076,608						

<sup>(</sup>A) Certain investments are recorded at other than fair value (as fair value is described in ASC 820) are included above to permit reconciliation of the fair value hierarchy to the total investments presented in the consolidated balance sheets. As these assets are carries at other than fair value, they have not been classified in the fair value hierarchy.

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2019.

#### Cash Equivalents

The carrying amount approximates fair value.

#### Repurchase Agreements

Repurchase agreements are measured at fair value on a recurring basis and are securitized by U.S. Government or U.S. Agency Securities and are categorized as Level 2, as they contain inputs (other than quoted prices in active markets for identical assets), that are observable or can be corroborated by observable market data for substantially the full term of the assets. There have been no significant changes in valuation techniques during the years ended December 31, 2019 and 2018.

#### Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

#### Note 6: Risk Management and Professional Liability Claims

The Hospital is self-insured for the first \$4,000,000 per occurrence and \$12,000,000 in aggregate of medical malpractice risks per claim year. The Hospital purchases commercial insurance coverage above the self-insurance limits which covers an additional \$20,000,000 of aggregate claims per year. The Hospital's reserves for professional liability claims were \$22,981,000 and \$23,367,000 at December 31, 2019 and 2018, respectively. The current portion of the reserves were \$7,333,000 and \$7,106,000 at December 31, 2019 and 2018, respectively. The Hospital's professional liability risks, in excess of certain per claim and aggregate deductible amounts, are insured through unrelated commercial insurance carriers. The total amounts receivable under these insurance contracts are approximately \$2,163,000 and \$2,129,000 and are included in other assets of which \$692,000 and \$638,000 are included in other current assets at December 31, 2019 and 2018, respectively.

MPS purchases medical malpractice insurance with a claim limit of \$1,000,000 per occurrence and \$3,000,000 in aggregate per physician and a total aggregate of \$20,000,000 of medical malpractice claims per year. MPS's reserves for professional liability claims were approximately \$1,186,000 Attachment 33

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Notes to Consolidated Financial Statements
December 31, 2019 and 2018

and \$1,200,000 at December 31, 2019 and 2018, respectively, and are included in accrued expenses. MPS's professional liability risks, in excess of certain per claim and aggregate deductible amounts, are insured through unrelated commercial insurance carriers. The total amounts receivable under these insurance contracts are approximately \$783,000 and \$800,000 and are included in other assets at December 31, 2019 and 2018, respectively.

The Organization's provision for losses related to professional liability risks are presented net of expected insurance recoveries in the consolidated statements of operations and was \$1,402,000 and \$2,832,000 for the years ended December 31, 2019 and 2018, respectively. Professional liability reserve estimates represent the estimated ultimate cost of all reported and unreported losses incurred through the respective consolidated balance sheet dates. The reserve for unpaid losses and loss expenses are estimated using individual case-basis valuations and actuarial analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are continually reviewed and adjustments are recorded as experience develops or new information becomes known. The time period required to resolve these claims can vary depending upon whether the claim is settled or litigated. The estimation of the timing of payments beyond a year can vary significantly. Although considerable variability is inherent in professional liability reserve estimates, we believe the reserves for losses and loss expenses are adequate based on information currently known. It is reasonably possible that this estimate could change materially in the near term.

Staunton Hospital has joined together with other providers of health care services to form the Illinois Provider Trust and the Illinois Compensation Trust, two risk pools currently operating as common risk management and insurance programs for their members. Staunton Hospital pays annual premiums to the pools for its general liability torts, medical malpractice and employee injuries insurance coverage. The pools' governing agreements specify that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

Staunton Hospital purchases medical malpractice insurance as described above on a claims made, fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of the incidents. Based upon Staunton's experience, an accrual has been made for Staunton Hospital's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, amounting to approximately \$142,300 and \$8,840 as of December 31, 2019 and 2018, respectively, and are included within accrued expenses in the consolidated balance sheet. It is reasonably possible that this estimate could change materially in the near term.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

#### Note 7: Long-Term Debt

	 2019	2018
Note payable, bank (A)	\$ 1,042,858	\$ 1,361,184
Revenue Bonds 2016, Series A (B)	14,357,079	15,451,805
Revenue Bonds 2016, Series B (B)	5,287,770	5,954,253
Revenue Bonds 2016, Series C (B)	6,515,672	7,095,110
Revenue Bonds 2016, Series D (B)	4,067,525	4,404,100
Revenue Bonds 2019, Series A (C)	14,446,549	-
Project Revenue Bonds, Series 2010 (D)	46,834	137,744
USDA Promissory Note (E)	7,632,277	7,745,430
Note payable, bank (F)	1,019,645	1,123,407
Note payable, bank (G)	1,222,145	1,262,133
Note payable, bank (H)	525,321	-
Note payable, bank (I)	1,032,030	-
Note payable, bank (J)	 752,822	
	57,948,527	44,535,166
Less unamortized debt issuance costs	661,901	483,598
Less current maturities of long-term debt	5,554,938	4,377,692
Long-term debt	\$ 51,731,688	\$ 39,673,876

- (A) Note payable, dated December 20, 2012. Amount outstanding is due on demand and included in current maturities of long-term debt. If demand is not made, monthly payments of \$31,019, representing principal and interest at 4.45 percent are payable monthly through December 20, 2022, with a final payment of all unpaid principal and interest; secured by certain equipment.
- (B) The 2016 Revenue Bonds consist of four series of bonds in the aggregate principal amount of \$39,456,234 designated as Revenue Bond, Series 2016 A ("Series 2016 A Bond"), Revenue Bond, Series 2016 B ("Series 2016 B Bond"), Revenue Bond, Series 2016 C ("Series 2016 C Bond") and Revenue Bond, Series 2016 D ("Series 2016 D Bond").

Series 2016 A Bonds consist of Southwestern Illinois Development Authority Health Facilities Revenue Bonds in the original amount of \$18,258,036, dated May 17, 2016, which bear interest at 2.38 percent commencing June 1, 2016, payable in monthly installments through August 1, 2036.

Series 2016 B Bonds consist of Southwestern Illinois Development Authority Health Facilities Revenue Bonds in the original amount of \$7,541,971, dated June 1, 2016, which bear interest at 2.77 percent commencing July 1, 2016, payable in monthly installments through January 1, 2027.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

Series 2016 C Bonds consist of Southwestern Illinois Development Authority Health Facilities Revenue Bonds in the original amount of \$8,480,753, dated June 16, 2016, which bear interest at 2.99 percent commencing July 1, 2016, payable in monthly installments through July 1, 2029.

Series 2016 D Bonds consist of Southwestern Illinois Development Authority Health Facilities Revenue Bonds in the original amount of \$5,175,473, dated July 1, 2016, which bear interest at 3.12 percent commencing August 1, 2016, payable in monthly installments through February 1, 2030.

The 2016 Revenue Bonds are secured by the unrestricted receivables, unrestricted gross revenues, and any other property securing other long-term debt for which the Hospital is obligated. The indenture agreement also requires the Hospital to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.20 to 1.00, maintaining a debt to capitalization ratio of not greater than 66 percent, and restrictions on the incurrence of additional debt.

Unamortized debt issuance costs were approximately \$445,000 and \$484,000 at December 31, 2019 and 2018, respectively, and are amortized using the effective interest rate method.

(C) Series 2019 Revenue Bonds consist of Southwestern Illinois Development Authority Health Facilities Revenue Bonds in the original amount of \$15,229,849, dated May 30, 2019, which bear interest at 2.59 percent commencing July 1, 2019, payable in monthly installments through June 1, 2029.

The 2019 Revenue Bonds are secured by certain property and equipment. The bond agreement also requires the Hospital to comply with certain restrictive covenants including maintaining a historical debt-service coverage ratio of at least 1.10 to 1.00.

Unamortized debt issuance costs were approximately \$217,000 at December 31, 2019 and are amortized using the effective interest rate method.

- (D) Project revenue bonds; payable in monthly installments of \$7,897 including interest at 4.0 percent through June 2020; the Illinois Finance Authority issued the bonds on behalf of Staunton Hospital; collateralized by mortgage, assignment of rents and profits and security agreement; the bonds have not been guaranteed by the Illinois Finance Authority.
- (E) USDA promissory note dated July 10, 2014, in the amount of \$8,000,000; monthly installments of \$31,760 including interest at 3.5 percent through July 2054; the note is secured by the net revenues of Staunton Hospital and a USDA reserve account which is funded \$3,179 monthly with a maximum funding of \$381,120, of which \$164,001 and \$124,831 has been funded at December 31, 2019 and 2018, respectively.
- (F) Note payable due January 2, 2028, payable \$12,431 monthly, including interest at 4.05 percent secured by real estate.

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### Notes to Consolidated Financial Statements December 31, 2019 and 2018

- (G) Note payable due August 14, 2028, payable \$8,205 monthly, including interest at 4.7 percent secured by real estate.
- (H) Note payable due August 9, 2029, payable \$5,562 monthly, including interest at 4.375 percent secured by real estate.
- (I) Note payable due August 9, 2029, payable \$10,948 monthly, including interest at 4.375 percent secured by real estate.
- (J) Note payable due August 9, 2029, payable \$7,970 monthly, including interest at 4.375 percent secured by real estate.

The notes payable (F), (G), (H), (I) and (J) above also require Anderson Real Estate to comply with certain restrictive covenants including minimum insurance coverage and maintaining a historical debt-service coverage ratio of at least 1.00 to 1.00. The lender formally approved noncompliance with this requirement.

Aggregate annual maturities of long-term debt at December 31, 2019, are:

	Long-Term Debt
2020	\$ 5,554,938
2021	4,715,549
2022	4,848,947
2023	4,990,336
2024	5,129,489
Thereafter	32,709,268
	\$ 57,948,527

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

Note 8: Leases

#### Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The Organization adopted Topic 842 on January 1, 2019 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Organization elected to keep short-term leases with an initial term of 12 months or less off the balance sheet. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2019.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of approximately \$7,380,000 and \$7,380,000, respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect our consolidated statements of operations, changes in net assets or cash flows.

#### Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. Finance leases are included in property and equipment in our consolidated balance sheets.

The Organization does not combine lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles. The Hospital allocates the consideration to the lease and nonlease components using their relative standalone values.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Hospital uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Hospital uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the Organization's secured-debt yields corresponding to the lease commencement date.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

#### Nature of Leases

The Organization has entered into the following lease arrangements:

Finance leases – These leases mainly consist of equipment for the use in providing health care services. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating leases – The Organization leases equipment for the use in providing health care services. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Short-Term Leases – The Organization leases certain equipment with lease terms that are less than 12 months. Total lease expense included in operating expenses for the year ending December 31, 2019 was \$230,552.

#### All Leases

The Organization has no material related party leases.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

#### **Quantitative Disclosures**

The lease cost and other required information for the year ended December 31, 2019 are:

Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$	199,021
Interest on lease liabilities		15,563
Operating lease cost		2,608,824
Short-term lease cost	_	230,552
Total lease cost		3,053,960
Other information		
Financing cash flows from finance leases	\$	177,620
Operating cash flows from operating leases	\$	2,606,226
Right-of-use assets obtained in exchange for new		
finance lease liabilities	\$	161,049
Right-of-use assets obtained in exchange for new		
operating lease liabilities	\$	7,764,471
Weighted-average remaining lease term		
Finance leases		2.87 years
Operating leases		3.0 years
Weighted-average discount rate		
Finance leases		2.91%
Operating leases		2.68%

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

Future minimum lease payments and reconciliation to the consolidated balance sheet at December 31, 2019, are as follows:

	Finance Leases	Operating Leases
2020	\$ 196,309	\$ 2,178,550
2021	135,259	1,858,507
2022	101,877	909,123
2023	48,586	369,617
2024	4,585	177,069
Thereafter	-	47,302
Total lease payments to be paid	486,616	5,540,168
Less future interest expense	11,583	205,223
Lease liabilities	\$ 475,033	\$ 5,334,945

Property and equipment include the following equipment under financing leases at December 31, 2019 and 2018:

	 2019	2018
Equipment Less accumulated depreciation	\$ 967,299 480,372 486,927	\$ 802,127 280,216
	 486,927	\$ 521,911

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Note 9: Functional Expenses

The Organization provides health care services primarily to residents within its geographic area. Certain costs attributable to more than one function have been allocated among the health care services and general and administrative functional expense classifications based on the actual department in which the expense was incurred and is consistently applied. The following schedule presents the natural classification of expenses by function as follows:

	3423333					2019				
		ealth Care Services	_	eneral and ministrative	R	eal Estate	Fo	undation		Total
Salaries and wages	\$	61,734,710	\$	14,001,223	\$	-	\$	113,827	\$	75,849,760
Employee benefits		11,546,640		4,370,409		-		21,359		15,938,408
Purchased services and professional fees		21,751,182		13,060,307		138,070		18,546		34,968,105
Supplies and other		39,195,682		21,213,658		446,655		151,885		61,007,880
Depreciation and amortization		6,378,342		2,448,898		274,884		-		9,102,124
Interest		_	_	1,510,972		190,095			_	1,701,067
	\$	140,606,556	<u>\$</u>	56,605,467	<u>\$</u>	1,049,704	<u>\$</u>	305,617	\$	198,567,344

		2018								
	Health Care Services		General and Administrative		Real Estate		Foundation			Total
Salaries and wages	\$	57,991,379	S	13,204,225	\$	-	\$	114,574	\$	71,310,178
Employee benefits		10,227,642		4,140,318		-		21,123		14,389,083
Purchased services and professional fees		21,608,112		11,095,006		99,461		16,876		32,819,455
Supplies and other		36,190,841		23,559,730		249,064		137,542		60,137,177
Depreciation and amortization		6,034,848		2,417,744		247,144		-		8,699,736
Interest		-		1,369,599		135,391		<u> </u>	_	1,504,990
	\$	132,052,822	\$	55,786,622	\$	731,060	\$	290,115	<u>s</u>	188,860,619

#### Note 10: Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31 are restricted for the following purposes:

	2019	2018
Undesignated	\$ 174,643,092	\$ 153,620,545
Designated by the Board for self-insurance trust	20,604,397	16,715,150
Designated by the Board for restricted under bond indenture	294,953	294,843
Designated by the Board for other	372,793	596,043
	\$ 195,915,235	\$ 171,226,581
	· · · · · · · · · · · · · · · · · · ·	

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Note 11: Net Assets With Donor Restrictions

Net assets with donor restrictions of \$48,092 and \$413,166 at December 31, 2019 and 2018, respectively, are restricted for the purchase of medical equipment and building projects.

#### Note 12: Information Regarding Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested primarily in stocks, bonds, mutual funds and repurchase agreements.

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date because of contractual restrictions or internal board designations. Amounts not available include a board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

	2019	2018
Cash	\$ 10,333,914	\$ 8,697,937
Short-term investments	5,006,878	5,805,853
Patient accounts receivable	29,856,531	24,843,294
Financial assets available to meet cash needs for		
general expenditures within one year	\$ 45,197,323	\$ 39,347,084

#### Note 13: Pension Plan

The Hospital has a defined contribution pension plan (the "Hospital Plan") covering substantially all employees of the Hospital and Staunton Hospital. The board of trustees annually determines the amount, if any, of the Hospital's contributions to the Hospital Plan. Pension expense was \$1,524,857 and \$1,547,095 for the years ended December 31, 2019 and 2018, respectively.

### Notes to Consolidated Financial Statements December 31, 2019 and 2018

#### Note 14: Related Party Transactions

The Hospital maintains banking and investing relationships with The Bank of Edwardsville. The Chairman of the Bank holding company is a member of the Hospital's Board of Trustees.

Two members of Staunton Hospital's board of trustees are in executive or board positions at First National Bank in Staunton. At December 31, 2019 and 2018, Staunton Hospital had \$2,487,163 and \$3,519,750, respectively, in deposits held at First National Bank in Staunton.

#### Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### Variable Consideration

Estimates of explicit and implicit price concessions in determining the transaction price of patient care service revenues, as described in Notes 1 and 2.

#### Professional Liability Claims

Estimates related to the accrual for professional liability claims are described in Notes 1 and 6.

#### Admitting Physicians

Staunton is served by a limited number of admitting physicians whose patients comprise substantially all of Staunton Hospital's patient care service revenue.

#### Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Organization's malpractice insurance; for example, allegations regarding employment practices or performance of contracts. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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Notes to Consolidated Financial Statements
December 31, 2019 and 2018

#### Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

#### Note 16: Subsequent Events

In late 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China.

Subsequent to year-end, the spread of COVID-19 began to cause some business disruption through reduced patient revenue, specifically related to elective procedures and physician office visits. Additionally, there has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a decline in the value of our investment portfolio. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent to December 31, 2019, the Organization receive approximately \$7,100,000 in federal funds under various provisions of the Coronavirus Aid, Relief and Economic Security Act.

Since its inception, the Hospital has continued to grow and add services, evolving from a single hospital into a regional health network. In order to better reflect the organizational structure of the Organization, in January 2020, a parent company, Anderson Healthcare, was formed. Anderson Healthcare is the sole member of nine entities comprised in the Organization.

Subsequent events have been evaluated through May 19, 2020, which is the date the consolidated financial statements were issued.

**Supplementary Information** 



One Metropolitan Square I 211 N. Broadway, Suite 600 I St. Louis, MO 63102-2733 314.231.5544 I Fax 314.231.9731 | bkd.com

### Independent Auditor's Report on Supplementary Information

Board of Trustees
Southwestern Illinois Health Facilities, Inc.
d/b/a Anderson Hospital
Maryville, Illinois

Our 2019 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BKD,LLP

St. Louis, Missouri May 19, 2020



Consolidated Balance Sheet – With Consolidating Information December 31, 2019

#### **Assets**

	 Anderson Hospital	N	laryville Medical vices, LLC	ı	Maryville Physician rvices, LLC	Maryville Imaging, LLC		
Current Assets								
Cash	\$ 5,267,383	\$	208,918	\$	552,738	\$	522,761	
Short-term investments	4,024,182		-		· -		· -	
Assets limited as to use - current	11,607,036		_		-		-	
Patient accounts receivable	22,778,043		_		3,446,459		452,627	
Estimated amounts due from third-party payors	•		_		-		-	
Due from related parties	211,941		_		•		-	
Supplies	2,886,626		_		-		6,006	
Prepaid expenses and other	 3,061,235				50,393		57,908	
Total current assets	49,836,446		208,918		4,049,590		1,039,302	
Assets Limited As To Use	9,043,758		-		248,556		-	
Long-Term Investments	81,940,605		-		-			
Property and Equipment, Net	91,008,574		-		204,340		450,412	
Investment in Subsidiary	24,355,783		-				-	
Right of Use Asset - Operating Leases	3,187,596		•		317,396		1,117,120	
Other Assets	 1,471,454		-		1,255,852			
Total assets	\$ 260,844,216	\$	208,918	\$	6,075,734	\$	2,606,834	

Anderson Real Estate, LLC		Anderson Surgery Center, LLC		Anderson Hospital Foundation		Community Hospital of Staunton		Friends of Community Hospital of Staunton		Eliminations		onsolidated
\$ 280,148	\$	1,350,000	\$	195,317	\$	1,813,842	\$	142,807	\$	-	s	10,333,914
-		-		211,436	-	673,444	•	97,816	•	-	•	5,006,878
-		-				-		-		•		11,607,036
10,472		-		-		3,168,930		-		-		29,856,531
-		-		-		114,355		-		•		114,355
-		-		-		-		-		(211,941)		
-		•		-		243,126		-		-		3,135,758
 9,747		-		1,254		240,376		1,327	_	(307,191)	_	3,115,049
300,367		1,350,000		408,007		6,254,073		241,950		(519,132)		63,169,521
-		-		-		372,793		•		-		9,665,107
-		-		6,115,244		5,352,042		270,932		(2,169,823)		91,509,000
23,212,518		-		-		22,022,810		-		-		136,898,654
-		-		-		-		-		(24,355,783)		-
545,307		-		-		157,269		-		-		5,324,688
-				1,346		49,663					_	2,778,315
\$ 24,058,192	\$	1,350,000	\$	6,524,597	\$	34,208,650	\$	512,882	\$	(27,044,738)	S	309,345,285

Consolidated Balance Sheet – With Consolidating Information (Continued)

December 31, 2019

### **Liabilities and Net Assets**

	Anderson Hospital	Maryville Medical Services, LLC	Maryville Physician Services, LLC	Maryville Imaging, LLC
Current Liabilities				
Current maturities of long-term debt	\$ 4,008,292	\$ -	\$ -	\$ -
Current maturities of operating lease liabilities	1,471,970	-	134,065	420,449
Current maturities of financing lease liabilities	5,417	-	•	•
Accounts payable	4,754,645	85	196,225	107,228
Accrued expenses	7,788,799	-	2,449,420	58,763
Estimated amounts due to third-party				
payors	7,558,795	-	-	-
Due to related parties		-	112,009	71,875
Estimated self-insurance costs - current	6,972,849	-	-	-
Other	793,100	-		
Total current liabilities	33,353,867	85	2,891,719	658,315
Estimated Self-Insurance Costs	16,008,151	•	-	-
Long-Term Debt, Net	40,004,402	-		-
Operating Lease Liabilities	1,717,633	•	183,331	696,671
Financing Lease Liabilities	16,535			
Total liabilities	91,100,588	85	3,075,050	1,354,986
Net Assets				
Without donor restrictions				
Anderson Hospital	169,743,628	208,833	3,000,684	1,251,848
Noncontrolling interest	•	•		· · ·
Total assets without donor restriction	169,743,628	208,833	3,000,684	1,251,848
With donor restrictions	-	<u> </u>	<u> </u>	
Total net assets	169,743,628	208,833	3,000,684	1,251,848
Total liabilities and net assets	\$ 260,844,216	\$ 208,918	\$ 6,075,734	\$ 2,606,834

erson Real tate, LLC	Anderson Surgery Center, LLC	Anderson Hospital Foundation	Community Hospital of Staunton	Friends of Community Hospital of Staunton	Eliminations	Consolidated
\$ 1,381,936	\$ -	\$ -	\$ 322,414	\$ -	\$ (157,704)	\$ 5,554,938
110,198	-	-	41,868	•		2,178,550
-	-	-	190,892	-	•	196,309
1,635,110	-	2,330	702,618	-	•	7,398,241
-	-	-	1,107,236	•	•	11,404,218
-	-	-	-	-	-	7,558,795
1,496	-	10,879	322,873	-	(519,132)	-
-	•	•	•	-	•	6,972,849
•	•				<u> </u>	793,100
3,128,740	-	13,209	2,687,901	-	(676,836)	42,057,000
-	-	-	-	-	-	16,008,151
4,212,866			9,526,539	-	(2,012,119)	51,731,688
443,359	•	•	115,401	-	-	3,156,395
			262,189			278,724
7,784,965		13,209	12,592,030		(2,688,955)	113,231,958
16,273,227	1,200,000	6,508,785	21,571,131	512,882	(24,355,783)	195,915,235
 16,273,227	150,000	6,508,785	21,571,131	512,882	(24,355,783)	150,000 196,065,235
10,2/3,22/	1,330,000	2,603	45,489		(24,333,783)	48,092
16,273,227	1,350,000	6,511,388	21,616,620	512,882	(24,355,783)	196,113,327
\$ 24,058,192	\$ 1,350,000	\$ 6,524,597	\$ 34,208,650	\$ 512,882	\$ (27,044,738)	\$ 309,345,285

Consolidated Statement of Operations – With Consolidating Information Year Ended December 31, 2019

	Anderso Hospital		N	aryville ledical rices, LLC	Maryvii Physici Services,	an	Maryville aging, LLC
Revenues, Gains and Other Support Without							
Donor Restrictions							
Patient care service revenue	\$ 161,656,0	051	\$	107,453	\$ 16,871	,137	\$ 3,916,242
Other	1,531,	763			724	,369	 7,190
Total revenues, gains and other							
support without donor restrictions	163,187,8	814_		107,453	17,595	,506_	 3,923,432
Expenses							
Salaries and wages	57,433,3	388		_	11,093	.817	674,944
Employee benefits	12,870,8			-	1,620		190,623
Purchased services and professional fees	17,486,1	116		65,822	12,996	-	917,932
Supplies and other	51,783,3	357		9,641	3,155	359	1,166,264
Depreciation and amortization	6,752,1	176		-	322	,014	128,368
Interest	1,221,0	067		-		-	 _
Total expenses	147,546,9	957		75,463	29,188	,508	 3,078,131
Operating Income (Loss)	15,640,8	857		31,990	(11,593,	002)	 845,301
Other Income							
Contributions received		-		-		-	-
Investment return, net	17,612,4	<u>484</u> .			43	,842	 
Total other income	17,612,4	484		_	43	,842	 
Excess (Deficiency) of Revenues Over Expenses	33,253,3	341		31,990	(11,549,	160)	845,301
Net assets released from restriction		-					-
Transfers between affiliates	(17,485,	215)		•	11,310	,140	 (1,450,000)
Increase (Decrease) in Net Assets Without Donor Restrictions	\$ 15,768,1	126	\$	31,990	\$ (239,	020)	\$ (604,699)

Anderson Real Estate, LLC	Anderson Surgery Center, LLC	Anderson Hospital Foundation	Community Hospital of Staunton	Friends of Community Hospital of Staunton	Eliminations	Consolidated
\$ - 1,055,864	\$ - -	\$ - 242,099	\$ 17,058,519 188,975	\$ - -	\$ - (180,000)	\$ 199,609,402 3,570,260
1,055,864		242,099	17,247,494		(180,000)	203,179,662
138,070 446,655 274,884 190,095	- - - - -	113,827 21,359 18,546 151,885	6,533,784 1,234,947 3,524,927 4,294,719 1,624,682 365,540	- - - -	(180,000) - - (75,635)	75,849,760 15,938,408 34,968,105 61,007,880 9,102,124 1,701,067
1,049,704		305,617	17,578,599	•	(255,635)	198,567,344
6,160	-	(63,518)	(331,105)	-	75,635	4,612,318
-	<u>:</u>	421,983 1,069,515	86,214 604,714	40,871 912	(75,635)	549,068 19,255,832
		1,491,498	690,928	41,783	(75,635)	19,804,900
6,160 - - - - - - - - -	1,200,000	1,427,980	359,823 271,436	41,783	(1,200,000)	24,417,218 271,436
\$ 7,751,235	\$ 1,200,000	\$ 1,307,980	\$ 631,259	\$ 41,783	\$ (1,200,000)	\$ 24,688,654

#### Information on Leases

- Letter by Keith Page presenting the leases between Triple Net Management, Inc and Anderson Real Estate (owner of the property), leases of space by Anderson Real Estate to Anderson Hospital, Anderson Medical Group, and Maryville Imaging, and lease of medical equipment by Maryville Imaging
- Ground Lease letter of intent, dated November 24, 2020
- Building Lease letter of intent, dated November 2, 2020

## ... Anderson Healthcare

December 2, 2020

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

Re: Intent to Lease Goshen Medical Building Edwardsville, Illinois

Dear Ms. Avery:

Several leases will be used to accomplish the project of constructing and operating the Goshen Medical Building on the Anderson campus in Edwardsville.

The property is owned by Anderson Real Estate. Anderson Real Estate will lease the land to a developer, Triple Net Management, Inc. (the Ground Lease). After the building is constructed, Triple Net Management, Inc. will lease the building to Anderson Real Estate (the Building Lease). The letters of intent for these leases are contained in Attachment 2 of this permit application.

Three additional leases will be prepared to enable Anderson Real Estate to lease space in the building as follows: a) Anderson Hospital will lease space for operation of the urgent care center, therapy programs and the lab; b) Anderson Medical Group will lease the second floor clinic space exam and treatment rooms; and c) Maryville Imaging will lease the diagnostic imaging space. Terms and conditions for these leases are yet to be developed.

Finally, Maryville Imaging will lease the MRI and CT scanner equipment from GE.

Anderson Hospital, Anderson Real Estate, Anderson Medical Group and Maryville Imaging are all corporate entities of Anderson Healthcare.

If you have any questions, please contact me at 618-391-6406, or Mike Marshall, Vice President / Chief Financial Officer at 618-381-6402.

Sincerely.

**President and CEO** 

Attachment 33

#### **Ground Lease**

Letter of Intent by Triple Net Management, Inc and Anderson Real Estate, LLC

#### Triple Net Management, Inc.

#### 907 Far Oaks Dr., Caseyville, IL 62232

Nov. 24th , 2020

This Letter of Intent (the "Letter") summarizes the general understanding among Owner and Ground Lessee (defined below) (each, a "Party" and collectively, the "Parties") with respect to the transactions described herein (the "Proposed Transaction") and is a good faith expression of the Parties' mutual desire to pursue negotiations in furtherance of the Proposed Transaction. Subject to the terms and conditions of this Letter, the Parties shall each use commercially reasonable good faith efforts to take actions necessary, desirable or appropriate to consummate the Proposed Transaction consistent with the terms provided for in this Letter the Proposed Transaction.

Following execution of this Letter by the Parties, the Parties shall cooperate in causing the negotiation and preparation of detailed, substantive agreements satisfactory to the Parties that set forth the terms and conditions for implementing the Proposed Transaction (collectively, the "Definitive Agreements"). This Letter does not reflect any form of legally binding commitment or obligation on the part of either Party or its affiliates. No contract or agreement providing for any transaction relating to the subject matter of the Proposed Transaction shall be deemed to exist between the Parties, unless and until the Definitive Agreements have been executed and delivered. The Parties hereby acknowledge and agree that: (a) the terms in this Letter do not contain all of the material terms to be negotiated as part of the Proposed Transaction; and (b) no Party nor any of its affiliates may bring any claim or action against another Party or any of their affiliates or any of their officers, directors, employees, consultants or advisors as a result of a failure to agree on or enter into the Definitive Agreements.

Owner:

Anderson Real Estate, LLC, an Illinois limited liability company

Ground Lessee:

TSJ Sites, LLC - Series Madison MOBS, as to a one-third (1/3)

undivided interest.

Roth Family Limited Partnership, an Illinois Limited Partnership, as to a

one-third (1/3) undivided interest, and

KGDG, LLC Series Madison MOBS, as to a one-third (1/3) undivided

interest.

collectively as tenants in common

Property:

Approx. 2.65 acre site on Owner's Edwardsville Campus

Rent:

Ground Lessee shall lease the Property from Owner at \$10.00 per year.

Ground Lease Terms:

The terms and conditions of the Ground Lease shall be generally consistent with that certain Ground Lease dated August 2, 2007 by and among Aldajor, LLC, Butler & Butler Investments, LLC- Series 1, collectively, as lessee, and Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital, as lessor.

**Building:** 

Ground Lessee shall construct a 2-story building totaling approximately 50,000

SF on the Property, which shall be leased back to Owner.

**Project Cost:** 

Current estimated total cost is \$ 17,419,413

Contractor:

Korte Construction shall be the design-build contractor. Ground Lessee shall pay Korte for all design and construction for the building per separate agreement. Owner shall pay Korte for the site infrastructure and parking lot per separate agreement.

Contingencies:

This Letter and the Proposed Transaction is contingent in all respects on all of the following:

- Owner receiving a Certificate of Need (CON) from the State of Illinois Health Facilities Board for the Building on or before June 1, 2021.
- The Parties obtaining all necessary City of Edwardsville approvals and permits, for construction of the Building.
- Ground Lessee demonstrating to Owner's reasonable satisfaction that it
  has secured a loan commitment for the necessary construction financing
  for the construction of the Building no later than April 1, 2021.
- Owner entering into a letter of intent with SSM or an affiliate thereof for the sublease of a portion of the Building for use as a pediatric urgent care center.
- Owner obtaining approval from the Board of Directors of Anderson Healthcare, an Illinois not-for-profit corporation.

If both Parties are in agreement on the above terms, Definitive Agreements will be drafted by counsel to the Ground Lessee and presented to Owner for review.

Triple Net Management, Inc., as agent for Ground Lessee

Terry Johnson Dwner

<u>//-ス4-</u>2020 Date

Anderson Real Estate, LLC

Keith Page, President

11/24/2020

### **Building Lease**

Letter of Intent by Triple Net Management, Inc and Anderson Real Estate, LLC

#### Triple Net Management, Inc.

#### 907 Far Oaks Dr., Caseyville, IL 62232

November 2nd, 2020

This Letter of Intent (the "Letter") summarizes the general understanding among Developer and Tenant (defined below) (each, a "Party" and collectively, the "Parties") with respect to the transactions described herein (the "Proposed Transaction") and is a good faith expression of the Parties' mutual desire to pursue negotiations in furtherance of the Proposed Transaction. Subject to the terms and conditions of this Letter, the Parties shall each use commercially reasonable good faith efforts to take actions necessary, desirable or appropriate to consummate the Proposed Transaction consistent with the terms provided for in this Letter the Proposed Transaction.

Following execution of this Letter by the Parties, the Parties shall cooperate in causing the negotiation and preparation of detailed, substantive agreements satisfactory to the Parties that set forth the terms and conditions for implementing the Proposed Transaction (collectively, the "Definitive Agreements"). This Letter does not reflect any form of legally binding commitment or obligation on the part of either Party or its affiliates. No contract or agreement providing for any transaction relating to the subject matter of the Proposed Transaction shall be deemed to exist between the Parties, unless and until the Definitive Agreements have been executed and delivered. The Parties hereby acknowledge and agree that: (a) the terms in this Letter do not contain all of the material terms to be negotiated as part of the Proposed Transaction; and (b) no Party nor any of its affiliates may bring any claim or action against another Party or any of their affiliates or any of their officers, directors, employees, consultants or advisors as a result of a failure to agree on or enter into the Definitive Agreements.

This Letter is based on the assumption that Owner or Tenant will be solely responsible for construction of parking and necessary infrastructure improvements and that estimated total cost of the project is \$16,695,183 (\$334.20 psf) plus a 3% developer fee, plus \$201,648 construction interest for a total of \$17,419,413.

Developer:

Triple Net Management, Inc.; provided, however, Triple Net Management, Inc. shall have the right to assign its rights and obligations hereunder to a newly created limited liability company in which Terry Johnson shall be the managing member

Owner:

Anderson Real Estate, LLC, an Illinois limited liability company

Tenant:

Anderson Real Estate, LLC, an Illinois limited liability company

Guarantor:

Anderson Healthcare, an Illinois not-for-profit corporation

Property:

Approx. 2.65 acre site on Owner's Edwardsville Campus

Ground Lease:

Developer shall lease the Property from Owner at \$10.00 per year. The terms and conditions of the Ground Lease shall be generally consistent with that certain Ground Lease dated August 2, 2007 by and among Aldajor, LLC, Butler & Butler Investments, LLC- Series 1, collectively, as lessee, and Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital, as lessor.

,

**Building:** 

Developer shall construct a 2-story building totaling approximately 50,000 SF on

the Property.

Lease:

Developer shall lease the Building to Tenant via a triple net lease for a term of 15 years, which lease shall include two renewal options for five (5) years each. The terms and conditions of the lease shall be generally consistent with that certain Lease Agreement dated August 2, 2007 by and among Aldajor, LLC, Butler & Butler Investments, LLC- Series 1, collectively as lessor, and Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital, as lessee.

**Project Cost:** 

Current estimated total cost is \$ 17.419.413

Annual Rent:

Assuming the foregoing Project Cost, rent pursuant to the Lease shall be \$25.65/psf, \$106.875 / mo, \$1.282,500 / yr. The Lease shall contain provisions for the adjustment of Annual Rent if the Project Cost varies from the amount set forth above.

Annual Increase:

1% per year the first 5 year; 2.5% per year during years 6-15.

Option to Buy:

Tenant shall have the right to purchase the property at the end of year 5 or year 10, or year 15 and shall notify Owner in writing 6 months prior.

**Option Price:** 

Month 60 the purchase price is \$19.152.847

Month 120 the purchase price is \$21,146,291

Month 180 the purchase price is \$23,347,214

Right to Sell:

Should Tenant not purchase the property after year 5, Developer shall have the right to sell the property to a third party. Notwithstanding the foregoing, Tenant shall have a Right of First Refusal on any sale; provided, however the purchase price to be paid by Tenant shall be as set forth in a schedule to be set forth in the Lease.

Contractor:

Korte Construction shall be the design-build contractor. Developer shall pay Korte for all design and construction per separate agreement. Tenant shall pay Korte directly for any change orders initiated by Tenant following execution of the Lease.

Contingencies:

This Letter and the Proposed Transaction is contingent in all respects on all of the following:

- Tenant receiving a Certificate of Need (CON) from the State of Illinois Health Facilities Board for the Building on or before June 1, 2021.
- The Parties obtaining all necessary City of Edwardsville approvals and permits, for construction of the Building.
- Developer demonstrating to Tenant's reasonable satisfaction that it has secured a loan commitment for the necessary construction financing for the construction of the Building no later than April 1, 2021.

- Tenant entering into a letter of intent with SSM or an affiliate thereof for the sublease of a portion of the Building for use as a pediatric urgent care center.
- Tenant obtaining approval from the Board of Directors of Anderson Healthcare, an Illinois not-for-profit corporation.

If both Parties are in agreement on the above terms, Definitive Agreements will be drafted by counsel to the Owner and Tenant and presented to Developer for review.

Developer: Triple Net Management, Inc.

Terry Johnson, Owner

Date

Tenant: Anderson Real Estate, LLC

Keith Page, President

Date

#### 1120.130 Financial Viability

Financial viability ratios have been calculated for Southwestern Illinois Health Facilities, d/b/a Anderson Hospital. Due to a name change effective January 1, 2020, a new entity was established, Anderson Healthcare, as the parent of the system that includes Anderson Hospital, Community Hospital of Staunton and the other licensed facilities and legal entities shown on the organization chart in Attachment 4. Previously, Southwestern Illinois Health Facilities, Inc had played the role of parent. Southwestern Illinois Health Facilities, Inc was dissolved with the January 1st restructuring and name change.

As documented on the next three pages, Anderson Healthcare is in compliance with all of the financial viability ratios except for the Current Ratio. Anderson Healthcare does not meet the CON standard for hospitals and hospital systems for the Current Ratio for any of the four most recent historic years or for the projected first full year at target utilization, 2024.

The only reason for this ratio being below 2.0 is that Anderson Healthcare takes an aggressive approach to moving operating cash to long-term investments. All of Anderson Healthcare's long-term investments are unrestricted and can be converted to cash within 7 – 10 days. As a result, the Current Ratio can be increased to exceed the CON standard within that brief time period.

As is apparent by review of the audited financial statements, Anderson Healthcare's long-term investments are of sufficient size to meet the hospital's debt obligations and to insure that the applicant will not default. Consequently, there is no reason to provide a variance to the financial viability ratios, as described in 77 III. Adm. Code 1120.130(c) or to secure a financial viability waiver, as described in 77 III. Adm. Code 1120.130(a).

Note: No Bond Agency Rating reports are available because Anderson Healthcare does not have any public debt.

### Southwestern illinois Health Facilities, Inc d/b/a Anderson Hospital Financial Ratios based on Anderson Healthcare Audited Financial Statements

1.	Current Ratio	= Current Asset	S	
		Current Liabilitie	s	
	FY 2016	\$46,714,01	<u>6</u> =	1.60
		\$29,122,98	5	
	FY 2017	\$49,444,00		1.67
		\$29,606,64	8	
	FY 2018	\$52,424,66	<u> </u>	1.48
		\$35,374,24	5	
	FY 2019	\$63,169,52		1.50
		\$42,057,00	)	
	FY 2024	\$70,000,00		1.49
		\$47,000,00	כ	
2.	Net Margin %	= Net Income x10	_	
		Net Operating Revenu	2	
	FY 2016	\$31,674,25	_	19.81%
		\$159,854,97	€	
	FY 2017	\$20,743,26	_	11.34%
		\$182,878,81	5	
	FY 2018	\$1,375,77		0.71%
		\$194,817,30	2	
	FY 2019	\$24,417,21	_	12.02%
		\$203,179,66	2	
	FY 2024	\$20,000,000 \$250,000,000		8.00%

Financial Ratios based on Anderson Healthcare Audited Financial Statements

3.	LTD to Total Capitalization =	Long Term Debt		
		Long Term Debt + Net Assets		
	FY 2016	\$43,035,348	=	22.36%
	_	\$192,493,660		
	FY 2017	\$40,266,544	=	19.12%
	_	\$210,644,974		
	FY 2018	\$39,673,876	=	18.77%
	-	\$211,313,623		44
	FY 2019	\$51,731,688	=	20.87%
	_	\$247,845,015		2010,70
	FY 2024	\$35,000,000	=	12.50%
	_	\$280,000,000	_	12.3070
4.	Projected Debt Service Coverage Ratio =	Net Income + Depr + Interest + Amort		
		Principle + Interent for MADS Year		
	FY 2016	\$41,139,216	=	9.75
	FY 2016		=	9.75
	FY 2016 - FY 2017 -	\$41,139,216		9.75 6.67
	-	\$41,139,216 \$4,218,959		
	-	\$41,139,216 \$4,218,959 \$31,268,358	=	
	FY 2017	\$41,139,216 \$4,218,959 \$31,268,358 \$4,690,754	=	6.67
	FY 2017	\$41,139,216 \$4,218,959 \$31,268,358 \$4,690,754 \$11,580,500	=	6.67
	FY 2017  FY 2018	\$41,139,216 \$4,218,959 \$31,268,358 \$4,690,754 \$11,580,500 \$4,690,754	=	6.67 2.47
	FY 2017  FY 2018	\$41,139,216 \$4,218,959 \$31,268,358 \$4,690,754 \$11,580,500 \$4,690,754 \$35,220,409	= =	6.67 2.47

### Southwestern illinois Health Facilities, Inc d/b/a Anderson Hospital Financial Ratios based on Anderson Healthcare Audited Financial Statements

5.	Days Cash on Hand =	Cash + Investments + Board Designated		
		Operating Expense /365		
	FY 2016	\$75,151,887	=	174.85
	-	\$429,799		
	FY 2017	\$94,540,345	=	198.40
	-	\$476,504		
	FY 2018	\$91,168,509	=	176.20
		\$517,426		
	FY 2019	\$106,849,792	=	196.41
	-	\$544,020		
	FY 2024	\$125,000,000	=	198.41
	-	\$630,000		2501.12
6.	Cushion Ratio =	Cash + Investments + Board Designated		
	•	Principle + Interent for MADS Year		
	FY 2016	\$75,151,887	=	17.81
	-	\$4,218,959		27.02
	FY 2017	\$94,540,345	_	20.15
	-	\$4,690,754	_	20.13
	FY 2018	\$91,168,509	_	19.44
	-	\$4,690,754	_	13.44
	FY 2019	\$10C 840 703		15.74
	-	\$106,849,792 \$6,788,955	=	15.74
	FY 2024	£40F 000 000		24.04
		\$125,000,000 \$5,200,000	=	24.04
		75,200,000		

Section 1120.140 - Economic Feasibility

Attachment 36 contains the following items:

Letter: Reasonableness of Financial Arrangements

Table: *Project Costs and Sources of Funds*and supporting narrative descriptions of the line items of cost and sources

Table: C. Reasonableness of Project and Related Costs

Sections D and E: Operating and Capital Costs

## ... Anderson Healthcare

November 19, 2020

Ms. Courtney R. Avery Administrator Illinois Health Facilities and Services Review Board 525 W. Jefferson Street, 2<sup>nd</sup> Floor Springfield, Illinois 62761

Re: Goshen Medical Building

Dear Ms. Avery,

Anderson Hospital is the operating entity and licensee for the Goshen Medical Building proposed at 3417 Anderson Healthcare Drive, Edwardsville, Illinois 62065. As part of the financial arrangement for the project, Triple Net Management will develop the building and lease the building to Anderson Real Estate, a subsidiary of Anderson Healthcare. Triple Net Management will take out a loan of up to \$20,000,000 to develop the building. The lease between Triple Net Management and Anderson Real Estate will be at market rates and represent the lowest overall net cost.

If you have any questions, please contact me at 618-391-6402.

Sincerely,
Michael M Marshall
Michael M. Marshall
Vice President/CFO
Anderson Healthcare
Keith A. Page President / CEO
Anderson Healthcare
50

State of Illinois County of Madison

Signed (or subscribed or attested) before me on 12-2-2022 (date) by BPTL KI, (00 | KE) (name of person).

(seal)

Signature of Notary Public

BETH A. COULTER
OFFICIAL SEAL
Notary Public - State of Iilinois
My Commission Expires Aug 02, 2023

Attachment 36

6800 State Route 162 Maryville, IL 62062 618-288-5711

#### **Project Costs and Sources of Funds**

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

Project Costs and Sources of Funds						
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL			
Preplanning Costs	\$112,475	\$112,475	\$224,950			
Site Survey and Soil Investigation	0	7,800	7,800			
Site Preparation	181,500	181,500	363,000			
Off Site Work	400,000	1,349,574	1,749,574			
New Construction Contracts	10,849,556	4,941,906	15,791,462			
Modernization Contracts	0	0	0			
Contingencies	1,030,500	469,500	1,500,000			
Architectural/Engineering Fees	578,802	263,705	842,507			
Consulting and Other Fees	95,000	95,000	190,000			
Movable or Other Equipment (not in construction contracts)	1,278,609	0	1,278,609			
Bond Issuance Expense (project related)	0	0	0			
Net Interest Expense During Construction (project related)	136,336	62,115	198,451			
Fair Market Value of Leased Space or Equipment	1.218,720	0	1,218,720			
Other Costs To Be Capitalized  a) furnishings b) IT  Acquisition of Building or Other Property (excluding	410,391 340,171	186,976 155,000	597,367 495,171 0			
land)						
TOTAL USES OF FUNDS	16,632,060	7,825,551	\$24,457,611			
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL			
Cash and Securities	2,723,146	1,993,325	\$4,716,471			
Pledges						
Gifts and Bequests						
Bond Issues (project related)						
Mortgages						
Leases (fair market value)	13,908,914	5,832,226	\$19,741,140			
Governmental Appropriations						
Grants						
Other Funds and Sources						
TOTAL SOURCES OF FUNDS	16,632,060	7,825,551	\$24,457,611			

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

Project Costs and Sources of Funds Line Item Descriptions

#### Line 1. Preplanning Costs - \$224,950

This amount includes up-front feasibility studies, Phase 1 cultural and environmental assessments, Planned Unit Development design and submission required by the City of Edwardsville, and parcel annexation costs.

#### Line 2. Site Survey and Soil Investigation - \$7,800

Soil testing and geotechnical work.

#### Line 3. Site preparation - \$363,000

The site terrain is uneven and requires significant earthwork and leveling to create a buildable site.

#### Line 4. Off-site work - \$1,749,574

Off-site work includes utility infrastructure installation, construction of asphalt parking lot (4" asphalt pavement over 8" rock base) for approximately 200 cars, expansion of the detention pond to 5 ft depth, irrigation and drainage with storm piping directed to the detention pond, and landscaping. PUD requirements include green space, a concrete walking trail, and fencing of the detention basin. Sanitary connection extends to a manhole located east of the property.

#### Line 5. New Construction Contracts - \$15,791,462

All construction work will be done by a private developer, Triple Net Management, Inc. Total construction cost is \$15,791,462, of which \$10,849,556 is clinical. Costs include the building slab of 4" reinforced concrete over 4" base, core and shell, TPO roofing, interior buildout, fixed equipment (other than the medical equipment referenced below), lead lined partitions where required, all finishes, and contractor's overhead. Electrical, plumbing and heating/venting and air conditioning systems are included. The construction line item includes over-excavation of the building pad at a depth of 2 ft; this is required because the soil is "high plastic" and unable to carry compression loads without additional strengthening.

#### Line 7. Contingencies - \$1,500,000

Contingencies cover allowance for unforeseen circumstances in construction. Clinical contingency is \$1,030,500.

Clinical cost (\$10,849,556 construction plus \$1,030,500 contingency) = \$11,880,056. Clinical cost per sq ft = \$421.02.

#### Line 8. Architectural / Engineering Fees - \$842,507

This work includes preliminary design, schematic design, design development, construction document services, developer negotiation, and construction administration.

#### Line 9. Consulting and other fees - \$190,000

These include legal fees related to leases and other legal work, Certificate of Need, building permit and impact fees.

# Line 10. Movable or other equipment (not in construction contracts, and other than the two pieces of leased radiology equipment noted below) - \$1,278,609

This line item includes purchase and installation of all equipment for the clinical and support space, with costs by location:

Diagnostic imaging (X ray w fluoroscopy capability; ultrasound)	\$423,519
Physical therapy / occupational therapy	285,011
Clinic space / Anderson Medical Group	295,352
Urgent Care	146,757
Lab	<u>127,970</u>
Total	\$1,278,609

# Line 12. Net interest expense during construction (project related) - \$198,451

This line item constitutes interest on the loan taken out by the developer. Interest payments are passed through to Anderson Real Estate and incorporated in rent payments to the developer.

#### Line 13: Fair Market Value of Leased Space or Equipment - \$1,218,720 (for equipment)

The developer, Triple Net Management, Inc., will lease the property from Anderson Real Estate, as described in the ground lease in Attachment 2. Once it has constructed the medical building, Triple Net Management, Inc. will lease all space to Anderson Real Estate, at a cost that covers the construction cost of \$15,791,462, construction contingencies, the developer's loan interest payments of \$198,451, A/E and consultant services. Anderson Real Estate will sublease space in the building at terms still to be negotiated, to:

Anderson Hospital, for operation of the urgent care service, PT/OT and speech therapy and lab; Anderson Medical Group, for operation of the clinic exam/treatment space;

Maryville Imaging, for the radiology services.

No entry is shown on this line item for leased space, since the costs related to the building lease are included on other lines of the Table *Project Costs and Sources of Funds*.

Maryville Imaging will lease the following equipment:

MRI, from GE: \$849,120

(60 months at \$14,152 per month)

CT, from GE: 369,600

(60 months at \$6,160 per month)

### Line 14. Other costs to be capitalized - \$1,092,538

IT, including cabling: \$495,171 Furnishings: \$597,367, as follows:

lmaging	\$41,947
Clinic exam/treatment area	341,023
Common areas	80,271
Lab	14,512
Therapy	23,814
Urgent Care	87,923
Reception	<u>7,877</u>
Total:	\$597,367

# Line 16. Cash and Securities - \$4,716,471

Anderson Hospital / Anderson Real Estate will fund the following line item expenditures with cash and securities:

Pre-planning	\$224,950
Site survey, site preparation and off-site work	2,120,374
Equipment that is not leased	1,278,609
IT (part of Other Costs to be Capitalized)	495,171
Building Furnishings (part of Other Costs to be Capitalized)	<u>597,367</u>
Total	\$4,716,471

# Line 21. Leases (fair market value) - \$19,741,140

Anderson Real Estate will make lease payments to the developer upon completion of the project. The amount of the lease will be set to cover the construction cost of \$15,791,462, construction contingencies, the developer's loan interest payments of \$198,451, A/E and consultant services. The total is \$18,522,420. Anderson Real Estate will lease space in the building as follows:

Anderson Hospital, for operation of the urgent care center, lab, and PT/OT and speech therapy; Anderson Medical Group, for operation of the clinic exam and treatment rooms; Maryville Imaging, for operation of the radiology services.

Equipment leases by Maryville Imaging total \$1,218,720 as follows:

MRI, from GE: \$849,120

(60 months at \$14,152 per month)

CT, from GE: 369,600

(60 months at \$6,160 per month)

The total value of leases is \$18,522,420 + \$1,218,720 = \$19,741,140.

# C. Reasonableness of Project and Related Costs

# COST AND SQUARE FOOT BY DEPARTMENT

	Α	В	С	D	E	F	G	Н
Department	partment Cost / Sq Ft DGSF		F	DGSF		Const \$	Mod \$	
	New	Mod	New	Circ %	Mod	Circ %	(A x C)	(B x E)
REVIEWABLE								
Imaging								
СТ	\$ 305.97		1,217	18			\$340,072	
MRI	\$ 488.80		1,614	18			788,921	
Ultrasound	\$ 581.05		841	18			488,663	ì
Xray / fluoroscopy	\$ 392.12		1,056	18			414,078	
Urgent Care	\$ 486.73		3,693	22		1	1,797,481	
Clinics Exam and Treatment	\$ 415.97		14,697	21			6,113,600	
Lab	\$ 392.29		1,206	18			473,106	
PT/OT	\$ 367.84		3,893	23			1,432,008	
Total clinical services	\$ 421.02		28,217	21			11,880,056	
NON-REVIEWABLE			+					
Lobby, recept/wait, circulation	\$330.70		10,074	26			3,331,437	
Food service	\$ 325.61		1,353				440,552	
Admin, staff sup, lock, lounge	\$ 363.91		3,293				1,198,348	
Mech, bldg syst, hskeep, stor	\$196.20		2,248				441,066	
Total non-clinical areas	\$318.92		16,968				5,411,406	
TOTAL PROJECT	\$ 382.68		45,185	22			17,291,462	

Entries in cells in column G are the total of construction plus contingency costs

Clinical: \$10,849,556 construction cost; \$1,030,500 contingency cost; total clinical cost: \$11,880,056 Non clinical: \$4,941,906 construction cost; \$469,500 contingency; total non-clinical cost: \$5,411,406

# **D. Project Operating Costs**

Project direct operating expenses for year 2024, the second year after opening, are estimated at \$11,400,000, counting depreciation.

# E. Total Effect of the Project on Capital Costs

The projected depreciation cost per equivalent patient day is estimated at \$16.55. It is computed as follows:

Total project cost:	\$24,457,611
Useful life:	20 years
Total annual depreciation:	\$1,222,880
Equivalent Patient Days:	73,885
Depreciation per EPD:	\$16.55

# Section X. CHARITY CARE INFORMATION

Southwestern Illinois Health Facilities, Inc (now Anderson Healthcare) Charity Care Data based on Audited Financial Statements

Anderson Hospital Data	2016	2017	2018	2019
Net Patient Revenue	\$131,792,713	\$145,275,015	\$152,525,154	\$161,656,078
Amount of Charity Care (Gross Charges)	\$4,706,056	\$7,464,131	\$7,321,983	\$5,737,149
Cost of Charity Care	\$1,250,660	\$1,813,959	\$1,754,806	\$1,330,129

# **APPENDICES**

# Appendix 1

"Ready or not, I-55 corridor growth promises to change Edwardsville area in a big way" Belleville News-Democrat, by Teri Maddox, October 21, 2020

# Appendix 2

Review of Demographic Trends, Memorandum by Matt Brandmeyer, Madison County Administrator, June 26, 2015

# Appendix 1

"Ready or not, I-55 corridor growth promises to change Edwardsville area in a big way" Belleville News-Democrat, by Teri Maddox, October 21, 2020

11/23/2020

1-55 development to change Edwardsville, other IL cities | Believille News-Democrat

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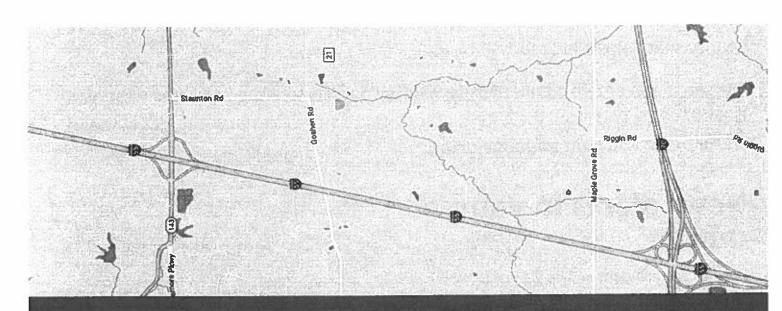
METRO-EAST NEWS

# Ready or not, I-55 corridor growth promises to change Edwardsville area in a big way

#### **BY TERI MADDOX**

OCTOBER 21, 2020 05:00 AM, UPDATED OCTOBER 21, 2020 06:13 AM





2010, plan estimates corridor will boost Edwardsville's population to 33,961 by 2025.

In 2003, Madison County, Edwardsville and Glen Carbon, Illinois, started developing a land-use plan to guide growth in the area along Interstate 55 for residential, commercial, recreational and industrial uses.

BY BELLEVILLE NEWS-DEMOCRAT



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11/23/2020

I-55 development to change Edwardsville, other IL cities | Belleville News-Democrat

A 2006 plan for how to develop nearly 5,000 acres of land along Interstate 55 in Madison County is inching closer to reality, changing the face of Edwardsville and promising to impact neighboring communities.

Developers are in various stages of building, planning or exploring a patchwork of projects in or near the "I-55 Corridor District," which includes the interstate's Illinois 143 interchange. Some are residential. Others are commercial, recreational or industrial.

"There's a lot of interest in Edwardsville," said Sean Goding, president of Pangea Development Co. in Mascoutah and St. Louis.

"It's a really good market. It's multifaceted. You've got a good population base, a good income level, a high education level. It's a very community-based city. It was rated a Top 10 place for families to live (by Family Circle magazine in 2010). The county seat helps a lot, too."

<u>Pangea is one of two companies developing parcels</u> totaling 244 acres west of Interstate 55. Plans call for hotels, offices, retail stores, restaurants, gas stations, warehouses and light manufacturing.

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Goding envisions the Illinois 143 interchange as a busy destination place, where people from throughout the region can sleep, eat, shop, work, gas up and attend soccer and baseball tournaments at nearby Plummer Family Park, which opened this summer

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booked through August already."

Some maps even show the possibility of a second Interstate 55 interchange at Goshen Road in Edwardsville someday.

Development of the entire I-55 Corridor District could take decades. If that happens, it would increase the size of Edwardsville from 20.4 to 23.6 square miles and Glen Carbon from 10.3 to 14.6 square miles.

Expansion in the district and other areas also is expected to boost population.

"The city's 2010 comprehensive plan estimates that total build-out (in Edwardsville) will be 36,000 by the year 2035," said Walt Williams, economic/community development director. "Right now, we're sitting at 26,600."

Some residents love the prospect of economic growth and increased access to services and amenities. Others hate the idea that their small, safe college town surrounded by farmland and natural areas could become the next West St. Louis County.

Troy, Hamel and Maryville aren't part of the corridor district, but major development at their doorsteps could help business and create jobs or hurt business and worsen traffic, depending on your point of view.

Of course, the elephant in the room is the COVID-19 pandemic. No one knows what will be its long-term effect on the American economy.

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This color-coded map shows how Madison County, the city of Edwardsville and village of Glen Carbon plan to guide development in the I-55 Corridor District. Provided

# PLANNING FOR FUTURE GROWTH

Edwardsville has experienced gradual but continuous population growth since the late 1800s according to U.S. Census Bureau figures, with a particularly high jump

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In 2003, the city joined forces with Madison County and the village of Glen Carbon to create a land-use plan to guide anticipated development in the area along Interstate 55, east of the two municipalities.

They approved the I-55 Corridor Transportation and Growth Management Plan in 2006 and spent the next decade coming up with massive codes for zoning, density, architecture, infrastructure, signs, lighting, green space, streets and parking.

"(The codes are) very in-depth and very detailed as far as what would be allowed, down to the type of brick pavers almost," said Chris Doucleff, administrator for Madison County Planning and Development Department.

The I-55 Corridor District is roughly bounded by Edwardsville and Glen Carbon limits to the west, Interstate 270 to the south, Staunton Road to the east and just north of Illinois 143 to the north.

The county's color-coded map shows sections designated for mixed-use commercial, general neighborhood, neighborhood residential and rural residential. There's also a "town center" for each municipality.

"The general purpose of (the plan) was to control the development, to make it more of a planned area instead of just haphazard growth with a mix and mash of different types of properties," Doucleff said. "Everything is sort of compatible."

Most of the district's 4,843 acres are unincorporated Madison County, but officials expect land to be annexed by municipalities as it gets developed so buildings can connect to water and sewer systems.

Under a boundary agreement, 2,068 acres would be annexed into Edwardsville and 2,775 acres into Glen Carbon, according to Emily Fultz, Edwardsville city planner.

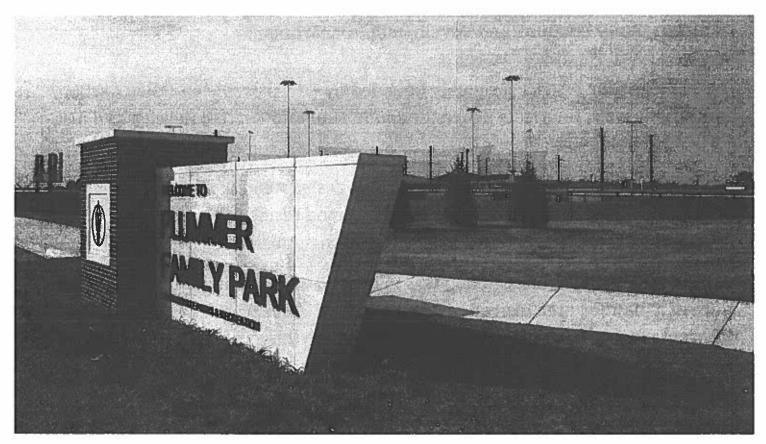
Edwardsville just completed a nearly \$1.8 million <u>project to extend a sewer main and build a lift station</u> in the vicinity of Governor's Parkway, Goshen Road and Ridge View Road, said Eric Williams, public works director.

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Some projects in the district could be eligible for local and state financial incentives, such as sales-tax exemptions and property-tax abatements, as part of <u>Edwardsville's Gateway Commerce Center Enterprise Zone</u>.

Corridor development codes encourage trees, open space, pedestrian and bike paths and a "downtown feel" in commercial areas, according to Fultz and Eric Williams.

"It wouldn't be just a totally auto-centric area," Eric Williams said.



Phase 1 of Plummer Family Park opened this year off Goshen Road in Edwardsville, near Interstate 55. Sports fields and concession buildings will eventually cover 83 acres. Derik Holtmann DHOLTMANN@BND.COM

# **ANNEXATIONS ON BOTH SIDES**

The I-55 Corridor District isn't the only part of Edwardsville that's growing. Developers have been building subdivisions, apartment complexes, office parks and strip malls in all directions, particularly along and between Illinois 157 and Illinois 159.

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<u>Commerce Center</u>) with tenants ranging from Amazon to World Wide Technology, Hershey to Proctor & Gamble.

"There's also assembly going on there," Gateway developer Mike Towerman said last year.

The city expects to break ground next spring on TheCENTER, a donation-funded facility with an ice rink, teen center and indoor track near Edwardsville High School, off Illinois 157.

One of the first clues to the future of the sleepy Interstate 55 and Illinois 143 interchange came in 2001, when Hortica insurance company built its national headquarters on the southeast quadrant. It was later joined by Scott Credit Union and Prairie Farms Dairy.

The Edwardsville YMCA's 116,000-square-foot Meyer Center opened on Goshen Road in 2005, followed by more subdivisions, schools and churches off Goshen and Governor's Parkway, a relatively new east-west connector from Illinois 157 nearly to Interstate 55.

In 2018, Anderson Healthcare, the system that operates Anderson Hospital in Maryville, announced that it would convert 15 acres of farmland across from the YMCA into a Goshen Campus.

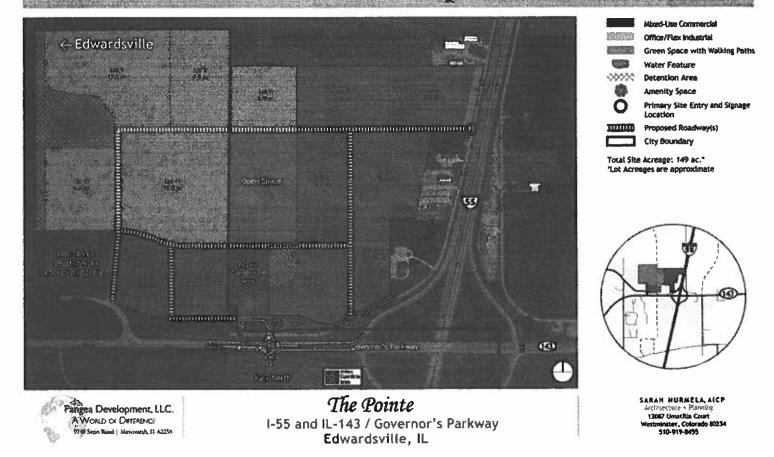
The hospital's plan includes an <u>18,000-square-foot surgery center</u>, <u>pediatric clinic</u> and <u>specialty clinic</u> that recently opened; a nearly 50,000-square-foot acute rehabilitation institute now under construction; and a 50,000-square-foot medical office building.

"The reason that we are so interested in building this (campus) is we want to have a larger presence in the Edwardsville-Glen Carbon market," Anderson President and CEO Keith Page said last year.

Another key milestone was this summer's opening of Phase 1 of Edwardsville's Plummer Family Park off Goshen Road, just west of Interstate 55. It will host soccer, baseball, softball, lacrosse, flag football and pickle ball on 83 acres.

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# The Pointe Concept Plan



Pangea Development Co. released this conceptual site plan of The Pointe, which would include 149 acres northwest of the Interstate 55 and Illinois 143 interchange. Provided

# INTERCHANGE IN TRANSITION

<u>Pangea was the initial developer of the 244 acres</u> west of Interstate 55, including 149 acres north and 95 acres south of Illinois 143.

Pangea still owns the 149 acres, which it's now marketing to potential buyers under the name "The Pointe." Goding said he expects 100 acres to be used as headquarters for an online car-sales company and the rest for offices, warehouses and light manufacturing.

"The city of Edwardsville is marvelous to work with," he said. "They're very conservative, but they're pro-development, which we like. It's a thought-out, well-planned process."

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Road for better access to The Pointe.

Pangea sold the 95-acre parcel south of Illinois 143 to <u>Highland-based Plocher</u> Construction and the Edwardsville law firm Byron, Carlson, Petri & Kalb, which are partnering on a mixed-use development called "Park North," formerly known as "Pin Oak Plaza."

The partners are working with the city to get a new road built connecting Illinois 143, Park North and Plummer Family Park, according to attorney Chris Byron.

"We're getting close to completion of (Plocher's 26-acre Parkway project on Illinois 157), and as it gets closer to completion, we're going to start focusing on the development out on 143 and 55," he said. "COVID has slowed some of our progress, but as COVID goes away, we hope to accelerate those plans and move forward."

Most of the 95 acres have been annexed by the city of Edwardsville. A 2021 groundbreaking is planned.

Byron said developers have entered into a franchise agreement to build a Hilton Garden Inn at Park North, and they're in talks with a company that may bring a golf-themed entertainment venue to the site.

"The vision is to create a new city center on the far end of town to provide amenities closer to the interstate — retail, commercial, office and entertainment," he said.

The city of Edwardsville also is poised to annex three acres on the northeast quadrant of the Interstate 55 and Illinois 143 interchange, across from Scott Credit Union. Midwest Petroleum Co. is planning a \$3.5 million expansion of its existing gas station at the site.

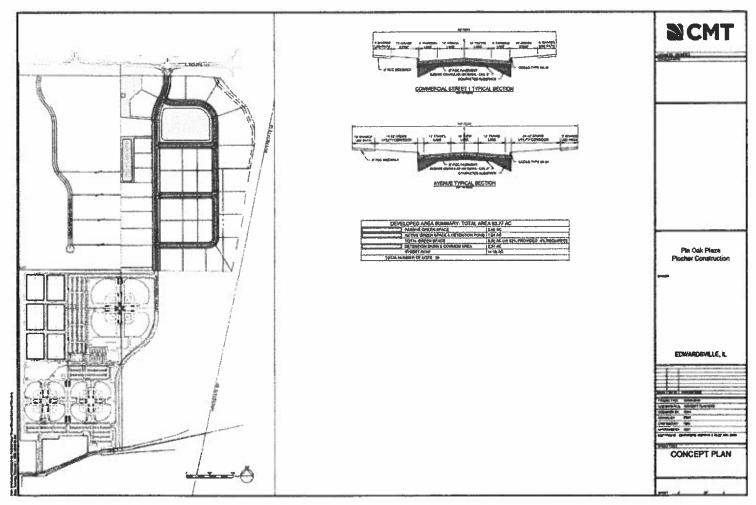
Walt Williams said construction permits in Edwardsville are down from the past two years due to the COVID-19 pandemic, which also caused a potential tenant for one of two vacant warehouses recently built along Interstate 255 to reverse course.

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"Everything is at a standstill," Tabor said.

Walt Williams said he expects the economy to get back on track and predicts the announcement later this month of another major development being planned in Edwardsville.

"COVID-19 has slowed things down ... but there are some things ready to come forward when the time is right," he said.



Developers have released this concept plan of Park North in relationship to Plummer Family Park, lower left, southwest of the Interstate 55 and Illinois 143 interchange. Provided

# **ENVIRONMENTAL CONCERNS**

Not all Edwardsville and Glen Carbon residents are thrilled by the I-55 Corridor District vision. They point to increased traffic, noise and crime and the loss of

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Announcements of the Pangea and Plocher projects have prompted people to contact Rachel Tompkins, chairwoman of Edwardsville's Cool Cities Initiative Advisory Committee, which advises the city and <u>educates residents on reducing greenhouse-gas emissions</u> and other environmental issues.

"Many of us are concerned about green space, and not the mowed type," Tompkins said. "We're interested in preserving some wild areas or semi-wild areas, natural features and wildlife habitat.

"And I can add another concern: With COVID, (the country is) losing retail stores at a brisk pace from what I understand. There are malls going under. I wonder if this is really the climate for more retail space. You certainly don't want to build it if existing retail space isn't fully occupied."

Tompkins said other development in recent years has destroyed features that make Edwardsville a "charming" community, including woods, hills, ravines and prairies interspersed with neighborhoods and commercial areas. Farmland also has disappeared.

Tompkins urges cautious, "smart" growth that leaves pockets of nature and focuses on "building up instead of building out."

"Downtowns die when you put all the shopping areas out of town," she said.

Similar points were made by Sheila Voss, a conservation and sustainability consultant, board chairwoman for Watershed Nature Center in Edwardsville and steering committee member for Bring Your Own Glen-Ed, a group working to reduce single-use shopping bags.

Voss refers to Madison County's natural features as "assets" that set it apart from overdeveloped suburbs west of St. Louis and that residents want public officials to protect.

Landscaped parks and bike trails can provide green space, she said, but they're not the same.

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"We know that woodlands, grasslands, rivers, lakes and streams have tremendous value in terms of all the ecosystem services they're providing for us."

Some parts of Madison County have serious stormwater problems, which get worse when land is paved over, said Voss, a former educator with Missouri Botanical Garden in St. Louis.



A large pond is part of a 95-acre parcel that's being developed into mixed-use commercial southwest of the Interstate 55 and Illinois 143 interchange. Derik Holtmann *DHOLTMANN@BND.COM* 

# PROTECTING WILD PLACES

Some Edwardsville residents were disappointed by Plocher's plans to fill in a large pond on the 95-acre Park North site and eliminate the surrounding woods and meadow that have become something of an unofficial nature preserve.

The pond apparently started as a borrow pit, where dirt was removed to build the Interstate 55 and Illinois 143 interchange in the 1960s.

"The pond is man-made," Byron said. "It's not very old. The family who we

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Byron said Plocher is essentially going to move the pond by creating other "water features" in the development.

Environmentalists argue that retention ponds and decorative pools aren't the same as wildlife habitat that has been evolving for decades, and once animals are gone, they won't return.

"That piece of property (off Illinois 143) has become a wild place," said Joann Condellone, a retired nurse midwife who has walked in the area. "It's been left on its own for quite a long time, and it's full of wildlife — birds, waterfowl, frogs, turtles, foxes and other small creatures that live in the woods.

"It seems like an intelligent thing to do would be to try and save some of that for the animals living there. ... It could be really beautiful, a place for education and a way for (developers) to show that they are good citizens who care about the community."

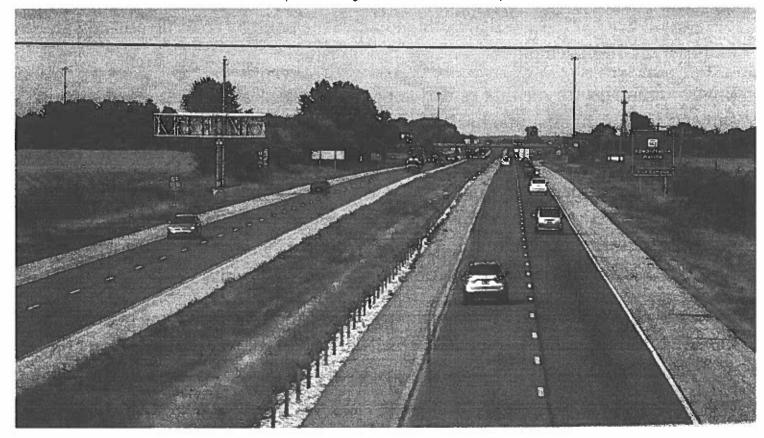
Condellone said she's not trying to stop the development, but for the past month, she's been searching for an agency or organization willing to save some of the wildlife.

So far, that effort has been unsuccessful. Condellone reached out to TreeHouse Wildlife Center in Dow, but its state license only allows staff to rescue injured animals and birds.

When it comes to environmental concerns associated with growth, Fultz and Eric Williams said city staff must balance development plans and community values, and I-55 Corridor District codes make that job easier.

"The purpose of planning is to set a long-term vision," Fultz said.

COOKIES



Traffic flows on Interstate 55 just south of the Illinois 143 exit through the heart of the I-55 Corridor District, which will increase the size of Edwardsville and Glen Carbon. Derik Holtmann *DHOLTMANN@BND.COM* 

# IMPACT ON OTHER COMMUNITIES

Madison County and Glen Carbon adopted the same set of I-55 Corridor District codes in 2016 while Edwardsville created its own set. The city recently hired a Chicago firm to review it and help revise it.

"We're trying to make it a little more user-friendly," Fultz said, noting developers and city officials have found parts of it "hard to navigate," particularly those related to architectural requirements. Not all projects fit the mold.

It's likely that Glen Carbon will also revise its codes at some point, but that hasn't yet been necessitated by enforcement problems in the portion of the district that would someday be annexed into the village, according to Village Administrator Jamie Bowden.

Several major projects are being planned or constructed in Glen Carbon, but

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"There will be a lot of development in the (corridor district) that will be in the village of Glen Carbon, but we don't have one in front of the village right now," Bowden said.

Officials in Troy and Hamel aren't sure how Edwardsville and Glen Carbon expansion will impact their communities.

Troy is just south of the corridor district's southern border. City Administrator Doug Partney said the opening of Plummer Family Park, in particular, may have a positive effect.

"(Soccer and baseball tournaments) could increase stays at our hotels," he said.

Hamel is about 7 miles north of the district's northern border. Mayor Larry Bloemker said he's never been able to understand why Madison County didn't include the village in its planning process.

Bloemker also wonders what financial incentives Edwardsville and Glen Carbon will offer for corridor development and if they will make it more difficult for Hamel to compete and attract new business.

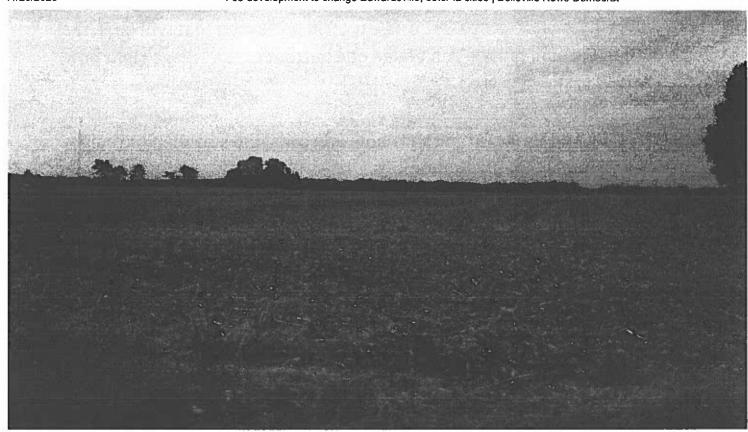
Regarding projects planned at the Illinois 143 interchange, Bloemker said some Hamel residents would like having easier access to retail stores, restaurants and other entertainment opportunities, while others will see development as a threat to their rural way of life.

Hamel had 816 residents in 2010, according to the U.S. Census Bureau. Bloemker expects a 20% increase with the next census due to the addition of 50 homes.

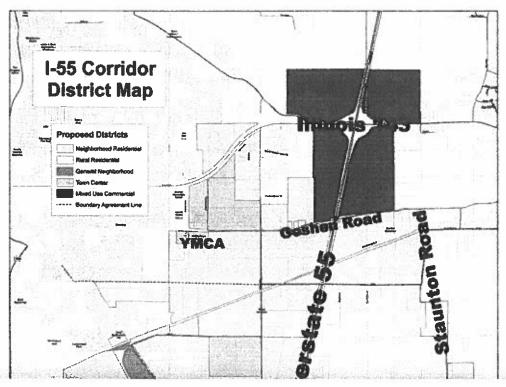
"We've been careful in the way that we've grown," he said. "We've tried to manage it and maintain what (people) like about living in a small town. Especially the people in the unincorporated part, they moved out to the country for a reason, and when it stops being that, they're going to be unhappy."

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I-55 development to change Edwardsville, other IL cities | Belleville News-Democrat



This farmland northwest of Illinois 143 and Interstate 55 is slated for development as part of The Pointe, a combination of offices, warehouses and light manufacturing. Derik Holtmann *DHOLTMANN@BND.COM* 



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# Appendix 2

Review of Demographic Trends, Memorandum by Matt Brandmeyer, Madison County Administrator, June 26, 2015



# Madison County Government Planning and Development Department

Matt Brandmeyer, AICP • Administrator
Madison County Administration Building
157 N. Main Street, Suite 254 • Edwardsville, IL 62025-1964
Phone (618) 692-7040 ext. 4468 • Fax (618) 692-8982
E-Mail zoning@co.madison.il.us
http://www.co.madison.il.us/Planning

Date: June 26, 2015

To: Scott Hanson, City of Edwardsville

David Coody, Village of Glen Carbon

From: Matt Brandmeyer, Madison County P&D Administrator

Re: Review of Demographic Trends

This is the first in a series of memos that will look at demographics, development patterns, future housing demand, potential revisions to the I-55 map and development regulations, and future steps.

As a follow-up to the March public hearings, I have reviewed the demographics section of the market and economic analysis in the I-55 Corridor Transportation and Growth Management Plan and compared figures with recent studies. The purpose of this effort is to determine if the projections in the I-55 Corridor Plan remain on track or if figures need to be updated. As you know, demographics are one of the primary drivers in determining market trends and future land use; this being the case, it is paramount that we continually review data for the I-55 planning area and make adjustments accordingly.

# I-55 Corridor Plan, Chapter 3: Market & Economic Analysis

The "Market & Economic Analysis" is Chapter 3 of the I-55 Corridor Plan adopted in 2006. The chapter includes an economic analysis, demographic and household income shifts, projections and assumptions, household projections, housing unit projections, and land demand. The demographic component focuses on locational shifts, rate of growth, and household size.

The market analysis primarily focuses on growth rates. It shows that from 1990 to 2000, Madison County's population grew by 3.9%, Edwardsville grew by 43.2%, and Glen Carbon grew by 35%. The plan notes that one of the biggest factors in the growth experienced by Edwardsville and Glen Carbon is people moving from the "river cities" to "bluff communities" in search of newer housing and better schools. In 2000, the two communities had a combined population of 31,314.

The plan considers three (3) scenarios for projecting growth in Edwardsville and Glen Carbon using "Aggressive" (3%), "Average" (2.5%), and "Moderate" (2.2%) annual rates of growth. Between the two communities, population is projected to grow an aggressive 61,900, an average 57,700, or a moderate 53,800 people by 2025.

Another aspect explored in the market analysis is household size. In 2000 the gross population per household, or average household size, was 2.69 people in Edwardsville and 2.60 in Glen Carbon. According to national trends, average household size is trending downward from an average of 2.66 in 2000 to 2.54 in 2024. According to the plan, this downward trend is evident in the Edwardsville and Glen Carbon communities.

#### Recent Demographic & Economic Analyses

Since the adoption of the 2006 plan, each of the partner communities has taken the opportunity to review demographics within each of their jurisdictions. This was necessary since the recession has had a long lasting impact on housing and growth and the 2010 census provides more current numbers.

# **Madison County**

Upon the release of 2010 census data, the Madison County Planning & Development Department completed a demographic and economic profile. The profile includes sections on population growth, age, education, households, and employment.

The profile revealed the continuing shift in population from river cities to bluff cities from 2000 to 2010. While Edwardsville and Glen Carbon grew 42% and 59% respectively from 1990 to 2010, Alton lost 16% of its population and Granite City lost 13% during the same time period. Edwardsville grew to 24,293, and Glen Carbon grew to 12,934 for a combined population of 37,227 people.

From 1980 to 2010, all older population groups gained population while younger groups lost population. The population of the 65 and over category increased by 31% in Madison County. The 45-54 group increased by 51% and 55-64 by 27%. The 20-24 and 25-34 groups lost 9% and 7% respectively, and the under 18 group lost 13%.

The older age categories have progressively increased. There are no big dips or dives; the categories have grown evenly over the past thirty (30) years, reflective of an aging population as the baby boomers near retirement age.

In the younger age categories, which primarily include families, the trends haven't been as even, and there has been recent improvement. The 20-24 population has increased by 18% from 2000 to 2010. On the other hand, the under 18 population has dropped by 5% within the same timeframe.

The populations of Edwardsville and Glen Carbon are respectively 11% and 14% 65 and older with median ages of 30.6 and 36.7. The under 18 age group comprises 21% and 23% of the population. The latest national figures for the 65 and older group is 14.1% and 23.3% for those under 18.

#### City of Edwardsville

In 2010, the City of Edwardsville adopted a new Comprehensive Plan. Section 2 of the plan provides a brief synopsis of population trends and projections. The figures show that the city grew nearly 4% annually from 1990 to 2000 and 2.23% annually from 2000 to 2007 (upon the completion of a special

census). The plan states that the 4% growth can be attributed to the annexation of SIU-E along with campus housing.

The plan takes into consideration the residential building boom of the 2000's and the recession by stating that a 2.23% annual growth rate cannot be expected for years to come. A range of annual growth rates were developed for the plan based on the number of new homes and tempered by potable water capacity. The low end is .80% annual growth rate, and the high end is 2.15%. With these figures, the range of projected population in 2025 is between 28,940 and 36,770. In the middle at 1.7% annual growth, the 2025 population would be 33,961.

#### Village of Glen Carbon

In 2015, the Village of Glen Carbon adopted an update to their Comprehensive Plan. The effort was an update to the 2008 plan and was undertaken to consider current conditions, which have changed since the original plan's adoption. The demographic component of the plan considers population changes, age, household size, income, and projections among other items.

In the age section, the plan states that the median age is 35.6 years old which is slightly higher than the state average of 34.7. Madison County's median age is 36.9 years old.

The plan considers two (2) scenarios for growth projections and only forecasts to 2020. The current population is between 13,250 and 14,000 people, and the projected 2020 population is between 14,000 and 16,000 people.

#### **Demographic and Market Drivers**

Besides the ever important rate of growth, the force that will drive the market for the next thirty (30) or forty (40) years is the aging Baby Boomer generation and the sheer numbers of the Millennial generation.

The Baby Boomer generation includes people born between 1946 and 1964. With approximately seventy-five (75) million babies born in the US after World War II, the Boomers were the most expansive generation in US history. They have been the driving force behind the economy for the last fifty (50) years. They are now at retirement age, and they're generally living longer. As a result, the population over the age of 65 will double by 2050. Today it is approximately 43.1 million people. By 2050 it will rise to 83.7 million people. There will be more 80- to 90-year olds in 2050 than there are over the age of 65 today.

One of the best resources I've encountered to gain an understanding of this trend is "An Aging Nation: The Older Population in the United State," which was issued in May 2014 by the US Census Bureau.

As the Baby Boomers retire, the Millennials are emerging. The Millennial population, which includes those born between 1980 and 2004, is now bigger than the Baby Boomer generation. Even though the recession has slowed their progress, they are entering the workforce, beginning to buy homes, and starting families. They account for one-third of the US workforce and have become the biggest population in the workforce, overtaking Generation X in 2013. Similar to the Baby Boomers, the Millennials will drive the market for the next fifty (50) years.

#### Conclusion

The I-55 planning process began in 2003, continues through 2015, and will continue thereafter. It is important that partner communities regularly examine market trends to understand inputs and determine if the plan requires change.

During the 2003 I-55 planning process, the focus was on the rate of growth, largely due to the building boom of the early to mid-2000's. Planners paid less attention to other demographic elements, including age and household size, because these elements primarily remained unchanged for many years. Consequently, the rate of growth was the primary determinant, and many other factors were less relevant. During this time, as throughout the country, suburban cities like Edwardsville and Glen Carbon were experiencing unprecedented growth, and cities adjusted by developing land use policies to address resulting growth pressures.

By 2008, the recession completely halted the building boom, and for a few years, new home construction languished. It was also during this time that the 2010 census figures were released, revealing the extent of the Millennial generation and their potential impact on housing. As a result, the focus for planners has transitioned from rate of growth to other demographic factors.

Over the last few years, subdivision development and new home permits are again beginning to pick-up steam. As a result of the recession and its impact on the housing market, planners are no longer fixated on growth rate. It remains a key part of land use planning, but it is no longer the primary focus. The key demographic forces being discussed as part of the national conversation on housing markets are as follows:

- o Aging Population the number of people aged 65 and older will double within thirty (30) years.
- Emergence of the Millennials the 15-30 age group is the single largest generation in US history.
- o Transitioning Household Size and Fewer Families between empty-nesters, retiring Baby Boomers and the continuing (although delayed) emergence of Millennials, household composition is in transition.

The challenge for Edwardsville and Gien Carbon will be to understand these forces and their implications to ensure that land use policies, including the I-55 plan, remain on track.

# Proposed Injury Indicators to IQuery

- Deaths for All injuries
- Hospitalizations for All Injuries
- Emergency Department Visits for All Injuries
- Drowning-Related
  - o Deaths, Hospitalizations, and Emergency Department Visits
- Unintentional Fall-Related
  - o Deaths, Hospitalizations, and Emergency Department Visits
- Hip Fracture in Persons Aged 65 Years and Older
  - Hospitalizations, and Emergency Department Visits
- Unintentional Fire-Related
  - Deaths, Hospitalizations, and Emergency Department Visits
- Firearm-Related
  - o Deaths, Hospitalizations, and Emergency Department Visits
- Homicide-related deaths
- Assault-Related
  - o Hospitalizations, and Emergency Department Visits
- Motor Vehicle
  - Deaths, Hospitalizations, and Emergency Department Visits
- Nondrug-poisoning related
  - o Deaths, Hospitalizations, and Emergency Department Visits
- Suicide Deaths
- Suicide Attempt
  - o Hospitalizations and Emergency Department Visits
- Traumatic Brain Injury
  - Deaths, Hospitalizations, and Emergency Department Visits

If "opioids" is not already included in IQuery, then it should be added.

#### **Proposed indicators:**

- age standardized injury mortality rate per 100 000 person-years at risk;
- number of injury deaths;
- age standardized serious non-fatal injury rate per 100 000 person-years at risk;
- number of cases of serious non-fatal injury.

# Absolute numbers reflect the societal burden of injury, while rates reflect individual risk.

These four indicators satisfy necessary criteria:

- They have a case definition based on diagnosis.
- They are derived from data sources that are representative of the target population (all ages, all circumstances of injury).
- They are based on existing data systems.
- They are fully specified; specifications include the scope, the sources and descriptions of the numerator and denominator data, and the method of calculation of the indicator

December 12, 2020

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

Re: Permit Application
Goshen Medical Building – Edwardsville
Anderson Healthcare

Dear Ms Avery

On behalf of Anderson Healthcare and Anderson Hospital, I am pleased to submit an original and one copy of the permit application for development of an outpatient medical care building on the Edwardsville campus. Also enclosed is a check for the \$2,500 made payable to the Illinois Department of Public Health as the initial payment toward the application fee.

We look forward to review of the project by the Illinois Health Facilities and Services Review Board.

Sincerely,

Ralph M. Weber

Rulph M Weber

CON consultant

920 Hoffman Lane Riverwoods, IL 60015

Cc: Keith Page, President & CEO, Anderson Healthcare
Lisa Klaustermeier, RN, MSN, Chief Nursing Officer, Anderson Hospital