

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by electronic mail

July 23, 2025

Mr. Mike Constantino
Project Reviewer
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Project 25-012
Mt. Zion Center for Surgery

Dear Mike:

This letter is being provided in response to your inquiries sent on July 8th, related to the above-referenced application.

- Financial Information/Assumptions and Identification of Fair Market Value
The applicants sought out experienced consulting firms to perform financial analyses of the proposed project, including identification of the anticipated fair market value (FMV) of the space to be occupied, the equipment to be acquired, and other costs related to the project. The experience of these firms, along with the HFSRB standards were the primary sources of information and the basis for the estimates provided in the application.

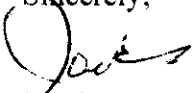
The consulting firms used were, and which are continuing to be used by the applicants are:
 - Surgery Center Services of America, which has been involved in the development of ASTC projects for thirty years, during which it has been involved in over 400 projects.
 - AMB Development Group, which has been in the facility-related aspects of approximately 70 ASTC projects, half of which have been developed in Illinois.
- Bank Letter Relating to Loan
A copy of a letter from Busey Bank is attached.
- Reasonableness of Financing Arrangements and Terms of Financing
It is anticipated that the proposed project will be financed through a combination of cash and securities as well as a bank loan. Please refer to the attached Busey Bank letter for the anticipated terms of the financing.

Consistent with Section 1120.140a2)B), the applicant believes that borrowing a major portion of the project's financing will ultimately be less costly than the conversion of existing investments into cash to fund the project.

- Letter of Intent to Lease the Property
A copy is attached.
- Names of Applicant Members
The two LLCs named as applicants are both owned by Joseph D. Sams, MD and D. N. Sullivan, MD, with both owning a 50% ownership interest in each of the LLCs.

Thank you for the opportunity to provide this information, and should any additional information be required, please don't hesitate to contact me.

Sincerely,



Jacob M. Axel
President

cc G. Roate

enclosures

Decatur, IL
Proforma Balance Sheet
(After loan funding and purchase of equipment)

ASSETS

Current Assets

Bank Accounts	151,000	1.008
Total Current Assets	<u>\$ 151,000</u>	

Fixed Assets

Buildings	7,023,780	
Furniture and Equipment	4,167,478	8.80
Total Fixed Assets	<u>\$ 11,191,258</u>	

TOTAL ASSETS	<u><u>\$ 11,342,258</u></u>	
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LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Current Loan Payable	149,818	
Total Current Liabilities	<u>\$ 149,818</u>	

Long Term Liabilities

Loan Payable	8,923,988	
Total Long Term Liabilities	<u>\$ 8,923,988</u>	

Total Liabilities	<u>\$ 9,073,806</u>	0.800
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Equity

Members' Equity	2,268,452	
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Total Equity	<u>\$ 2,268,452</u>	
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TOTAL LIABILITIES AND EQUITY	<u><u>\$ 11,342,258</u></u>	
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Decatur, IL
Proforma Profit and Loss
(Year 1 Estimate)

Income

Operating Revenue	11,055,172
Less: Charity Care (1%)	<u>(110,552)</u>
Total Income	<u>10,944,620</u>

Operating Expenses

Medical Supplies	3,716,500
Total Operating Expenses	<u>\$ 3,716,500</u>
Gross Profit	<u><u>\$ 7,228,120</u></u>

Overhead Expenses

Depreciation	379,463
Employee Benefits	242,880
Insurance	30,000
Interest	585,386
Legal and Accounting	20,000
Anesthesia	10,000
Office Supplies	8,000
Other Expenses	125,000
Rent	393,325
Repairs and Maintenance	7,500
Salaries	1,056,000
Telephone	5,000
Utilities	60,000
Total Overhead Expenses	<u>\$ 2,922,554</u>

Net Operating Income	<u><u>\$ 4,305,566</u></u>
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March 6, 2025

Illinois Health Facilities and Services Review Board
525 W. Jefferson St.
Springfield, IL 62761

To Whom it May Concern:

It is our understanding that Dr. Jacob Sams and Dr. Donald Sullivan are pursuing a Certificate of Need for an outpatient surgery center in Mount Zion, Illinois. Dr. Sams and Dr. Sullivan and their businesses are long-term and highly valued customers of Busey Bank and have an exemplary track record of performance with our institution.

This letter is being provided as confirmation of Busey Bank's intention to be the primary lending source for the proposed development of this facility.

Proposed lending facilities would be issued to a newly-formed LLC, led by Dr. Sams and Dr. Sullivan, for an amount to be mutually agreed upon, not to exceed \$12,000,000. Terms of the financing will be finalized at the time of issuance. However, currently indicative terms would be for five years at the U.S. Prime Rate, 7.50% as of the date of writing.

Sincerely,

Andrew R. Cave
Executive Vice President

Date: July 22, 2025

To:

Agility Properties, LLC
1645 St. Hwy 121
Mt. Zion, IL 62549

From:

Surgical Partners & Associates, LLC
1645 St. Hwy 121
Mt. Zion, IL 62549

RE: Letter of Intent to Lease Commercial Property Located at 1645 N. State Route 121, Mt. Zion, IL 62549

To Whom it May Concern:

This Letter of Intent ("LOI") sets forth the preliminary terms and conditions under which Surgical Partners & Associates, LLC ("Lessee") proposes to lease from Agility Properties, LLC ("Lessor") certain real property located at 1645 N. State Route 121, Mt. Zion, IL 62549, PIN: 12-17-04-227-020 ("Premises").

1. Premises

Lessee intends to lease the entire premises commonly known as 1645 N. State Route 121, Mt. Zion, IL 62549, as legally described in Exhibit A of the proposed Lease.

2. Lease Term

Five (5) years, commencing on a mutually agreed commencement date and ending five years thereafter.

3. Rent

Base rent shall be determined based on the fair market rental value, as mutually agreed upon by the parties prior to execution of the final Lease. The base rent will be payable in equal monthly installments in advance on the first day of each calendar month during the Lease Term.

4. Security Deposit

None.

5. Use

Lessee will use the Premises solely for the purpose of operating an ambulatory surgical center and providing related services, in compliance with applicable laws and ordinances.

6. Common Area Maintenance

Lessor will provide snow removal, lawn care, garbage removal, and general maintenance of parking lots and common areas. Lessee will not pay any separate CAM fees unless otherwise negotiated.

7. Condition of Premises

Premises shall be delivered in its AS IS condition. Lessee has had the opportunity to inspect and accepts the premises accordingly.

8. Taxes and Utilities

Lessee shall pay all real estate taxes and assessments for the Premises, as well as all utility costs, including electricity, gas, water, telephone, internet, and waste disposal.

9. Insurance

Lessee shall maintain liability insurance of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, and shall name Lessor as an additional insured. Property and casualty insurance obligations will be as provided in the Lease.

10. Repairs and Maintenance

Lessor shall maintain and repair the roof, foundation, and structural components of the Premises. Lessee shall be responsible for all other interior and non-structural maintenance and repairs.

11. Alterations

Lessee may not make alterations or erect signage without the prior written consent of Lessor.

12. Assignment/Subletting

Lessee shall not assign or sublet the Premises without the prior written consent of Lessor, which shall not be unreasonably withheld.

13. Environmental Compliance

Lessee agrees to comply with all applicable environmental laws and indemnify Lessor against any related liability as described in the final Lease.

14. Formal Lease

The parties agree to negotiate in good faith a formal lease agreement, substantially similar to the enclosed "Lease Agreement", incorporating the terms outlined herein and such other standard terms as are customary in similar transactions. The Lease will be subject to approval by both parties and their legal counsel.

15. Confidentiality

The parties acknowledge that in the course of negotiating the Letter of Intent to Lease, they may disclose to each other Confidential Information. For the purposes of this Letter, "Confidential Information" shall include, but is not limited to, the terms of the Lease, Rent, Improvements and Modifications, Initial Lease Term, and any other information that is not publicly known and that might reasonably be considered to be of a confidential nature.

Each party agrees to maintain the confidentiality of the Confidential Information and to not disclose such information to any third party without the prior written consent of the other party, except as may be required by law or in the course of legal proceedings. This obligation shall survive the termination or expiration of the Letter of Intent to Lease and shall continue until such time as the Confidential Information becomes publicly known through no fault of the receiving party or is otherwise lawfully obtained from third parties.

The parties further agree to take all reasonable steps to ensure that Confidential Information is not disclosed or distributed by their employees, agents, or representatives in violation of the terms of this clause.

16. Non-Binding Agreement

This Letter of Intent is intended only as a basis for further discussion. Except for the provisions under "Confidentiality", it is not intended to and does not constitute a legally binding obligation. No such obligation shall arise unless and until a formal lease agreement is executed by both parties.

AGREED AND ACCEPTED (Subject to Lease):

Lessor:

Agility Properties, LLC

By: [Signature]

Name: DAN SULLIVAN

Title: CO-OWNER

Date: 7/22/25

Lessee:

Surgical Partners & Associates, LLC

By: [Signature]

Name: JACOB D. SANS

Title: CO-OWNER / MANAGING MEMBER

Date: 7/22/25