



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> H-04	<b>BOARD MEETING:</b> February 25, 2020	<b>PROJECT NO:</b> 19-044	<b>PROJECT COST:</b>
<b>FACILITY NAME:</b> Dialysis Care Center Rockford		<b>CITY:</b> Rockford	Original: \$1,053,159
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA: I</b>

**PROJECT DESCRIPTION:** The Applicants (Dialysis Care Center Holdings, LLC and Dialysis Care Center Rockford, LLC) propose to establish an 8-station ESRD facility including one isolation station in Rockford, Illinois. The cost of the project is \$1,053,159 and the expected completion date is December 31, 2021.

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The Applicants (Dialysis Care Center Holdings, LLC and Dialysis Care Center Rockford, LLC) propose to establish an 8-station ESRD facility including one isolation station<sup>1</sup> in Rockford, Illinois. The cost of the project is \$1,053,159 and the expected completion date is December 31, 2021.
- This application was modified on December 9, 2019 with a change in the address of the facility. The address of the facility was changed from 526 East Jefferson Street, Suite 110, Rockford, Illinois 61107 to 1007 Riverside Blvd, Rockford, Illinois 61103. This change is considered a Type A Modification (77 ILAC 1130.650) which requires a second notice of an opportunity for public comment and request for a public hearing. On January 6, 2020 Meridian Investment Partners, LLC (a related entity) was added as a co-applicant.

### WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants propose to establish a health care facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

### PURPOSE OF THE PROJECT

- The Applicants stated *“The purpose of this project is to create additional life-sustaining dialysis accessibility to the large, growing population of ESRD patients in the HSA 1 market area specifically Rockford and Winnebago County residents. This project will address the current State Board-determined need for 7 additional hemodialysis stations needed in planning area, HSA 1.”*

### PUBLIC HEARING/COMMENT:

- Public Hearing was held on February 7, 2020 at the Rockton Center Branch Library from 11:00am-1:00pm. **No letters of support and one letter of opposition** were received by the State Board. The letter of opposition is attached at the end of this report.

### SUMMARY:

- There is a calculated need for 5 ESRD stations in the HSA I ESRD Planning Area by 2022. The Applicants are proposing 8-stations. The Applicants’ argue *“The sole provider of dialysis in Rockford, IL is DaVita Dialysis. Specifically considering the location we are proposing in central Rockford, there are no providers other than DaVita within a 30-minute drive. This monopoly in the Rockford area prevents dialysis-dependent individuals any agency in their healthcare. As most patients spend 12 hours per week on average dialyzing in-center, this restriction is significant as it denies patients a choice in where they are receiving treatment that will determine their quality and longevity of life. To allow this monopoly to continue in the Rockford area will negatively affect the health and wellness of this community.”*
- The Applicants have identified 94 Stage 4 Pre-ESRD patients currently being treated by the referring physicians. Of these 94 patients 70 patients are expected to require dialysis within two years after project completion (December 31, 2021). Of these 70 patients approximately 50% will choose home dialysis for their care. The Applicants expect 39 patients will utilize the proposed 8-station facility by the second year after project completion.
- There are 7 dialysis facilities within the 17-mile GSA with 110 stations. These 7 facilities are operating at approximately 67% utilization as of December 31, 2019.

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<sup>1</sup> Isolation station means one certificate of need approved station dedicated to patients requiring medically necessary isolation. This station may not be used for non-isolation treatments. This one approved station is included in the kidney dialysis facility's total CMS certified station count and the certificate of need station count.

Criterion	Reasons for Non-Compliance
<b>77 ILAC 1110.230 (b) – Planning Area Need</b>	There is a calculated need for five stations in HSA I ESRD Planning Area. The number of stations being requested (8-stations) exceed the calculated need in this planning area. (See pages 10-12 of this report)
<b>77 ILAC 1110.230 (c) – Unnecessary Duplication of Service/Maldistribution</b>	Two of the 7-ESRD facilities are operating at or above 80% in the 17-mile GSA. Currently there are 110 stations in the 17-mile GSA and if the number of dialysis patients continue to increase at 4% the average annual increase in dialysis patients is the HSA I Planning Area the 110 stations will not be at 80% until 2025. (See pages 12-13 of this report)
<b>77 ILAC 1120.140 (c) – Reasonableness of Project Costs</b>	The Architectural and Engineering Fees exceed the State Board Standard of \$45,000 or 43% of modernization and contingencies or \$15,309. (See page 18 of this report)

**STATE BOARD STAFF REPORT**  
**Project 19-044**  
**Dialysis Care Center Rockford**

<b>APPLICATION/CHRONOLOGY/SUMMARY</b>	
Applicants	Dialysis Care Center Rockford, LLC and Dialysis Care Holdings, LLC
Facility Name	Dialysis Care Center Rockford
Location	1007 Riverside Blvd, Rockford, Illinois
Permit Holder	Dialysis Care Center Rockford, LLC and Dialysis Care Holdings, LLC
Operating Entity	Dialysis Care Center Rockford, LLC
Owner of Site	Meridian Investment Partners, LLC
Total GSF	3,805 GSF
Application Received	September 19, 2019
Application Deemed Complete	September 20, 2019
Review Period Ends	January 18, 2020
Financial Commitment Date	February 25, 2020
Project Completion Date	December 31, 2021
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	No
Expedited Review?	No

**I. Project Description**

The Applicants (Dialysis Care Center Holdings, LLC and Dialysis Care Center Rockford, LLC) propose to establish an 8-station ESRD facility. One of the stations will be an isolation station in Rockford, Illinois. The cost of the project is \$1,053,159 and the expected completion date is December 31, 2021.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project is not in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project is not in conformance with the provisions of 77 ILAC 1120 (Part 1120).

**III. General Information**

The Applicants are Dialysis Care Center Holdings, LLC and Dialysis Care Center Rockford, LLC. These two entities are owned equally by Morufu Alausa M.D. (50%) and Sameer M. Shafi M.D (50%). Dialysis Care Center Holdings, Inc. has been approved for seven dialysis facilities in the State of Illinois.

Facilities Owned by DCC Holdings, LLC.

Facility	City	HSA	Stations
Dialysis Care Center Beverly	Chicago	6	14
Dialysis Care Center of Oak Lawn	Oak Lawn	7	11
Dialysis Care Center of Olympia Fields	Olympia Fields	7	12
Dialysis Care Center Hazel Crest	Hazel Crest	7	12
Dialysis Care Center Evergreen Park	Evergreen Park	7	14
Dialysis Care Center Elgin	Elgin	8	14
Dialysis Care Center McHenry	McHenry	8	14

Financial commitment will occur after permit approval. This project is subject to a Part 1110 and Part 1120 review.

**IV. Health Planning Area**

The proposed facility will be in the HSA I ESRD Planning Area. HSA I ESRD Planning area includes the Illinois Counties of Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Whiteside, and Winnebago. The Geographical Service Area for this project is 17-miles for a facility located in Winnebago County (77 ILAC 1110.220 (b) (5) (c)). From 2008 to 2017 there has been a 4% annual increase in the number of ESRD patients in this Planning Area. The State Board is estimating an increase in the population of 5.65% in this Planning Area from 2017-2022.

<b>TABLE ONE</b>	
<b>Need Methodology HSA I ESRD Planning Area</b>	
Planning Area Population – 2017	665,800
In Station ESRD patients -2017	702
Area Use Rate 2017 <sup>(1)</sup>	1034.71
Planning Area Population – 2022 (Est.)	702,200
Projected Patients – 2022 <sup>(2)</sup>	740.4
Adjustment	1.33
Patients Adjusted	985
Projected Treatments – 2022 <sup>(3)</sup>	153,614
Calculated Station Needed <sup>(4)</sup>	205
Existing Stations	200
<b>Stations Needed 2022</b>	<b>5</b>
<ol style="list-style-type: none"> <li>1. Usage rate determined by dividing the number of in-station ESRD patients (2017) in the planning area by the 2017 – planning area population per thousand.</li> <li>2. Projected patients calculated by taking the 2022 projected population per thousand x the area use rate. Projected patients are increased by 1.33 for the total projected patients.</li> <li>3. Projected treatments are the number of patients adjusted x 156 treatments per year per patient</li> <li>4. 153,614/747 = 205</li> <li>5. 936 x 80% = 747 [Number of treatments per station operating at 80%]</li> </ol>	

**V. Project Costs and Sources of Funds**

The Applicants are funding this project with cash in the amount of \$509,683 and the fair market value of a lease (FMV) of \$543,522. The estimated start-up costs and operating deficit is \$140,674.

<b>TABLE TWO</b>			
<b>Project Costs and Sources of Funds</b>			
<b>Uses of Funds</b>	<b>Reviewable</b>	<b>Total</b>	<b>% of Total</b>
Modernization	\$95,125	\$95,125	9.03%
Contingencies	\$9,513	\$9,513	0.90%
Architectural/Engineering Fees	\$45,000	\$45,000	4.27%
Movable or Other Equipment	\$360,000	\$360,000	34.18%
Fair Market Value of Leased Space or Equipment	\$543,522	\$543,522	51.61%
<b>Total Uses of Funds</b>	<b>\$1,053,159</b>	<b>\$1,053,159</b>	<b>100.00%</b>
<b>Sources of Funds</b>	<b>Reviewable</b>	<b>Total</b>	<b>% of Total</b>
Cash and Securities	\$509,638	\$509,638	48.39%
Leases (fair market value)	\$543,522	\$543,522	51.61%
<b>Total Sources of Funds</b>	<b>\$1,053,159</b>	<b>\$1,053,159</b>	<b>100.00%</b>

**VI. Background of the Applicants Purpose of the Project, Safety Net Impact, Alternatives to the Project**

**A) Criterion 1110.110 (a)(1)-(3) – Background of the Applicants**

The Applicants have attested that there has been no adverse action<sup>2</sup> taken against any of the facilities owned or operated by the Applicants and have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicants’ certificate of need. [Application for Permit page 82] Certificates of Good Standing have been provided for both Applicants as required at pages 27 and 29 of the Application for Permit. The site is owned by DYN Rockford, LLC.

The Applicants provided evidence that the site is not in a Special Flood Hazard Area in compliance Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas<sup>3</sup> shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect*

<sup>2</sup> <sup>2</sup> “Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.” (77 IAC 1130.140)

<sup>3</sup> **Special Flood Hazard Area (SFHA) Definition** A term used by the Federal Emergency Management Agency (FEMA) in the National Flood Insurance Program (NFIP) to refer to the land area covered by the floodwaters of the base or 100-year flood (an area of land that has an approximate 1 percent probability of a flood occurring on it in any given year). <https://www.fema.gov/special-flood-hazard-area>

*in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order. The proposed location of the ESRD facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State-owned historic resources (20 ILCS 3420/1).*

**B) Criterion 1110.110 (b) – Purpose of the Project**

The Applicants addressed this criterion at pages 84-94 of the Application for Permit. The purpose of the project is to address the calculated need for 5-ESRD stations in the ESRD Planning and to provide improved access for life-sustaining dialysis patients in Rockford and the Winnebago County market. The proposed geographical service area for this project is a 17-mile radius from the proposed location of the facility. There are approximately 348,000 residents within this 17-mile radius.

**C) Criterion 1110.110(b) - Safety Impact Statement**

The Applicants provided the following:

*'The establishment of Dialysis Care Center Rockford will not have any impact on safety net services in the Rockford area. Outpatient dialysis facilities services are not typically considered or viewed as safety net services. As a result, the presence of Dialysis Care Center Rockford as a provider is not expected to alter the way any other healthcare Providers function in the community. Dialysis Care Center Rockford has no reason to believe that this project would have any adverse impact on any provider or health care system to cross-subsidize safety net services. Dialysis Care Center Rockford will be committed to providing ESRD services to all patients with or without insurance or patients to no regards for source of payment. Dialysis Care Center Rockford will not refuse any patients. Medicaid patients wishing to be served at Dialysis Care Center Rockford will not be denied services. Because of the Medicare guidelines for qualification for ESRD, a few patients' with ESRD are felt uninsured for their care.*

*The policy of Dialysis Care Center Rockford is to provide services to all patients regardless of race, color, national origin. Dialysis Care Center Rockford will provide services to patients with or without insurance and as well as patients who may require assistance in determining source of payment. Dialysis Care Center will not refuse any patient. Medicaid patients wishing to be served will not be denied services. Through Medicare guidelines, patients who are prequalified for ESRD or for the few that are currently ESRD status and are left uninsured, Dialysis Care Center will be committed to providing continued care. Dialysis Care Center Rockford will be committed to work with any patient to try and find any financial resources and any programs for which they may qualify for. Dialysis Care Center will be an "open dialysis unit" meaning through our policy, any nephrologist will be able to refer their patients and apply for privileges to round at the facility, if they desire. Dialysis Care Center will participate in American Kidney Fund (AKF) to assist patients with insurance premiums which will be at no cost to the patient. Currently as Dialysis Care Center*

*Rockford will be a new entity there is no current Charity documentation that can be provided to the board however the Charity policy is attached.'*

<b>TABLE THREE</b>	
<b>Safety Net Information</b>	
<b>DCC Holdings, LLC</b>	
<b>(For Operating ESRD Facilities)</b>	
<b>CHARITY CARE (self-pay)</b>	<b>2018</b>
Revenue	\$1,254,657
Self-Pay Charity Care #	19
Total Charity (cost in dollars)	\$44,055
<b>MEDICAID</b>	
Medicaid (number of patients)	31
Out-Patient Only	\$220,715

**D) Criterion 1110.110(c) – Alternatives to the Proposed Project**

*The Applicants stated “the only option other than what was proposed in the application, would entail a lesser scope and cost than the project proposed in this application would be to do nothing, which was considered. This option, however, does not address the need of current stations in Rockford, IL. To do nothing would cause existing area facilities to reach or exceed capacity as patient access declines in this HSA I defined zone.”*

*The proposed facility that is identified for Dialysis Care Center Rockford is a shell ready facility. By using this site, the costs associated with this project are significantly lower compared to other ESRD projects brought to the board. This cost-effective method will ensure the need for the additional stations are met with a reduced cost for the facility.*

*The ownership of this facility is structured so later on if there was the desire to form a joint venture with additional physicians, a partner would be able to invest in the facility. This facility is and will be 100% owned and operated directly by the physicians working in the area. Physician owned and managed compared to corporate owned facilities. There are currently no solely physician owned ESRD facilities in the area. The Medical Director and the physician partners identified that will refer their ESRD patients to Dialysis Care Center Rockford have no current options where they can refer their patients in which they have the independence they need to make quality clinical decisions and can focus on maximizing patient care. Utilizing other health care resources that are available to serve all or portion of the population proposed to be served by the protect. Utilizing other health care ESRD facilities was considered but there is no alternative. As mentioned there are no physician-owned ESRD facilities in the area where the physicians have the independence they need to improve the quality indicators set by the Board's criteria on quality. It is expected that the facility will exceed the clinical outcomes that meet all network, Centers for Medicare and Medicaid Services clinical goals established.*

*The Applicants believe the alternative of utilizing a DaVita or a Fresenius facility in the 17-mile GSA is not a viable option because these facilities are not physician own where the physicians have the independence they need to improve quality indicators set by the Board's quality criteria.*

**VII. Size of the Project, Project Utilization, Assurances**

**A) Criterion 1110.120 (a) – Size of the Project**

The Applicants propose 8 stations in 3,085 GSF of space or 386 GSF per station [3,085 GSF ÷ 8 stations = 386 GSF]. The State Board Standard is 450-650 GSF per station or 4,550 GSF of space [8 x 650 GSF = 5,200 GSF]. The Applicants have successfully addressed this criterion. As documented above the Applicants are proposing one isolation station. For certificate of need purposes this station is not counted in the number of stations the facility maintains.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.120 (a))**

**B) Criterion 1110.120 (b) – Projected Utilization**

*To demonstrate compliance with this criterion the Applicants must document that the proposed 14-stations will be at target occupancy of 80% within 2-years after project completion.*

The Applicants stated that by the second year after project completion they are estimating that 30 patients will utilize the proposed 8-station facility in the first year and 39 patients will be utilizing the proposed 8-station facility in the second year after project completion.

$$\begin{aligned} 39 \text{ patients} \times 156 \text{ treatments per year} &= 6,084 \text{ treatments} \\ 8 \text{ stations} \times 936 \text{ treatments per year} &= 7,488 \text{ treatments} \\ 6,084 \text{ treatments} \div 7,488 \text{ treatments} &= 81.25\% \end{aligned}$$

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.120 (b))**

**C) Criterion 1110.120 (e) – Assurances**

The Applicants have provided the necessary attestation at page 131 of the Application for Permit.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.120(e))**

**A) Criterion 1110.230 (b) - Planning Area Need**

The Applicants are requesting a facility with 8-stations. One of the stations will be an isolation station. The State Board has calculated a need for 5-stations in the HSA I ESRD Planning Area by 2022. The Applicants’ request exceeds the number of stations needed in this ESRD Planning Area.

The Geographical Service Area (“GSA”) for this project is a 17-mile radius from zip code 61103. The 17-mile service area includes 31 zip codes. Only those zip codes and the population within the 17-mile radius are being considered as the geographical service area. The population within that 17-mile radius is 348,198. The Applicants have stated the majority of the Stage 4 Pre-ESRD patients identified by the Applicants reside within this 17-mile radius. Board Staff analysis indicates that approximately 86% of the Stage 4 pre-ESRD patients identified by the Applicants reside within this 17-mile radius.

**TABLE FOUR**  
Pre-ESRD Patients by zip, city, state, and county

ZIP	City	State	County	Population <sup>(1)</sup>	Stage 4 Pre-ESRD Patients
53512	Beloit	WI	Rock	0	0
61008	Belvidere	IL	Boone	35,893.00	1
61011	Caledonia	IL	Boone	3,043.00	1
61016	Cherry Valley	IL	Winnebago	5,101.00	11
61024	Durand	IL	Winnebago	2,342.00	3
61111	Loves Park	IL	Winnebago	24,483.00	1
61130	Loves Park	IL	Winnebago	0	1
61131	Loves Park	IL	Winnebago	0	1
61132	Loves Park	IL	Winnebago	0	0
61115	Machesney Park	IL	Winnebago	23,180.00	1
61063	Pecatonica	IL	Winnebago	3,156.00	1
61065	Poplar Grove	IL	Boone	11,865.00	1
61101	Rockford	IL	Winnebago	22,205.00	1
61102	Rockford	IL	Winnebago	18,891.00	1
61103	Rockford	IL	Winnebago	24,578.00	1
61104	Rockford	IL	Winnebago	19,130.00	3
61105	Rockford	IL	Winnebago	0	2
61106	Rockford	IL	Winnebago	0	1
61107	Rockford	IL	Winnebago	30,944.00	2
61108	Rockford	IL	Winnebago	28,679.00	0
61109	Rockford	IL	Winnebago	28,840.00	1
61110	Rockford	IL	Winnebago	0	1
61112	Rockford	IL	Winnebago	104	1
61114	Rockford	IL	Winnebago	15,871.00	4
61125	Rockford	IL	Winnebago	0	7
61126	Rockford	IL	Winnebago	0	8
61072	Rockton	IL	Winnebago	11,716.00	0
61073	Roscoe	IL	Winnebago	21,036.00	0
61079	Shirland	IL	Winnebago	0	7
61080	South Beloit	IL	Winnebago	11,150.00	7

**TABLE FOUR**  
Pre-ESRD Patients by zip, city, state, and county

ZIP	City	State	County	Population <sup>(1)</sup>	Stage 4 Pre-ESRD Patients
61088	Winnebago	IL	Winnebago	5,991.00	11
				348,198	80

1. A ZIP Code's address and the city name written on the same line do not necessarily mean that address is within the boundaries of that city. The Postal Service designates one *preferred* place name for each ZIP Code.
2. Source: Board Staff Analysis.

The State Board received one referral letter signed by Dr. Mahmood and notarized. CKD Stage 3 and CKD Stage 4<sup>4</sup> patients were identified by patient initial and zip code of patient residence for Dr. Mahmood and Dr. Manda who is Dr. Mahmood's Partner. The physicians have identified 94 CKD Stage 4 patients that will require dialysis within two years after this project is complete. Per the referral letter 25% of the 94 patients will expire, regain function, move out of the area or choose home dialysis. Of these 94 patients the Applicants believe that approximately 70 patients will utilize the proposed facility. Of that number (70 patients) approximately 50% will choose home dialysis. The Applicants expect 39 patients will utilize the proposed 8-station facility by the second year after project completion (See page 177 of the Application for Permit financial forecast). The Applicants documented 39 historical referrals to existing dialysis facilities in the area (See Table below). By rule (77 ILAC 1110.230 (b) (3) (iii)) the number of patient referrals accepted cannot exceed the number of historical referrals.

**TABLE FIVE**  
Historical Referrals to Existing ESRD Facilities

Facility	Total	Years				
		2019	2018	2017	2016	2015
DaVita Machesney Park	1			1		
DaVita Rockford	1					1
DaVita Stonecrest	9	6	1	1	1	
DaVita Roxbury	5	4		1		
DaVita Rockton	11	8	2		1	
DaVita Churchview	7	7				
DaVita Belvidere	2	2				
DaVita Forest City	2	2				
DaVita Marango	1	1				
<b>Total</b>	<b>39</b>	<b>30</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>

Source: Staff Summary of information found at pages 187-202 of the Application for Permit.

<sup>4</sup> Chronic kidney disease (CKD) refers to all five stages of kidney damage, from very mild damage in stage 1 to complete kidney failure in stage Five. The stages of kidney disease are based on how well the kidneys can filter waste and extra fluid out of the blood. In the early stages of kidney disease, your kidneys are still able to filter out waste from your blood. In the later stages, your kidneys must work harder to get rid of waste and may stop working altogether. The way doctors measure how well your kidneys filter waste from your blood is by the estimated glomerular filtration rate, or eGFR. Your eGFR is a number based on your blood test for creatinine, a waste product in your blood. The stages of kidney disease are based on the eGFR number. Stage 1 CKD: eGFR 90 or Greater; Stage 2 CKD: eGFR Between 60 and 89, Stage 3 CKD: eGFR Between 30 and 59, Stage 4 CKD: eGFR Between 15 and 29, Stage 5 CKD: eGFR Less than 15. (Source American Kidney Fund)

There are currently 17-ESRD facilities within the HSA I ESRD Planning Area in which seven of the facilities are within the 17-mile GSA. The Applicants have not identified any access limitations due to payor status or restrictive admissions policies at existing ESRD facilities in the planning area. As shown in the table below average utilization of the seven facilities in the 17-mile GSA is approximately 66%.

**TABLE SIX**  
ESRD Facilities within 17-miles

Facilities	Ownership	City	Station	Patients	Utilization	Miles	Star Rating
Rockford Memorial Hospital	DaVita	Rockford	22	87	65.91%	2.3	4
Stonecrest Dialysis	DaVita	Rockford	12	71	100.00%	5.2	3
DaVita Forest City	DaVita	Rockford	12	26	36.11%	5.8	4
DaVita Machesney Park	DaVita	Machesney Park	12	46	63.89%	7.2	5
Roxbury Dialysis	DaVita	Rockford	16	83	86.46%	7.5	4
Church view Dialysis - East Rockford	DaVita	Rockford	24	93	64.58%	8.1	4
DaVita Belvidere Dialysis	DaVita	Belvidere	12	33	45.83%	14.8	5
Total Stations/Patients/ Average Utilization			110	439	66.51%		

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.230 (b))**

**B) Unnecessary Duplication/Maldistribution**

There are 110 ESRD stations in the 17-mile GSA with a population of 348,198 (est.). This results in a station to population ratio of one station per 3,165 residents. There are 4,946 ESRD stations in the State of Illinois with a State of Illinois population of 12,802,100 (2017 est.). This results in a station to population ratio of one station per 2,588 residents. To have a maldistribution of stations per population in this 17-mile GSA the ratio of stations to population must be at least 1.5 times the State of Illinois ratio or one station for every 2,110 residents. Based upon this comparison there is not a maldistribution of stations per population in the 17-mile GSA.

<b>TABLE SEVEN</b>		
Station to Population Ratio		
	17-mile GSA	State of Illinois
Stations	110	4,946
Population	348,198	12,802,100
Ratio of Station to Population	1 station per 3,165 residents	1 Station per 2,588 residents

There are seven dialysis facilities within the 17-mile GSA with 110 stations with 439 patients (December 2019) operating at an average utilization of approximately 67%. Two

of the facilities are operating at the target occupancy of 80% or above (Stonecrest Dialysis and Roxbury Dialysis) Based upon the historical growth of 4% in the HSA I ESRD Planning Area, no additional stations in this 17-mile GSA would be needed until 2026.

**TABLE EIGHT**

Estimate of Station Need Based upon Historical Growth in Planning Area

Calculation of Stations Needed in the 17-mile GSA based upon average historical growth of 4% at 80% target occupancy.

Year	01/2020	2021	2022	2023	2024	2025	2026	2027
Patients	439	457	476	496	516	537	559	582
Stations	92	96	100	104	108	112	117	122

The Applicants do not believe the proposed 8-station facility will have an adverse impact on existing facilities in the proposed geographic service area. All the identified patients will be referrals from identified physicians and are on pre-ESRD list. No patients will be transferred from other existing dialysis facilities. The proposed dialysis facility will not lower utilization of other area providers that are operating below the target utilization standard.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION/MALSDISTRIBUTION (77 ILAC 1110.230 (c))**

**C) Criterion 1110.230 (e) - Staffing**

The Applicants provided the following narrative: Dialysis Care Center Rockford will be staffed in accordance with all state and Medicare staffing guidelines and requirements. Dr. Talal Mahmood will serve as the Medical Director for Dialysis Care Center Rockford. Upon opening, the facility will hire a Clinic Manager who is a Registered Nurse (RN), this nurse will have at least a minimum of twelve months experience in a hemodialysis center. Additionally, the Applicants will hire one Patient Care Technician (PCT). After more than one patient begins dialysis, the Applicants will hire another RN and another PCT. All personnel will undergo an orientation process, led by the Medical Director and experienced members of the nursing staff prior to participating in any patient care activities.

- Upon opening we will also employ:
- Part-Time Registered Dietician
- Part-Time Registered Master Level Social Worker (MSW)
- Part-Time Equipment Technician
- Part-Time Secretary

These positions will go full time as the clinic census increases. Additionally, the patient Care staff will increase to the following:

- One Clinic Manager - Registered Nurse
- Four Registered Nurses
- Ten Patient Care Technicians

The facility will be certified by Medicare. The Survey and Certification Program certifies ESRD facilities for inclusion in the Medicare Program by validating that the care and services of each facility meet specified safety and quality standards, called "Conditions for Coverage." The Survey and Certification Program provides initial certification of each dialysis facility and ongoing monitoring to ensure that these facilities continue to meet these basic requirements (*source: medicare.gov*). The Applicants have met the requirements of this criterion. (Application for Permit pages 111-115)

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1110.230 (f))**

**D) Criterion 1110.230(f) - Support Services**

The Applicants provided a signed attestation documenting the ancillary and support services including utilizing a dialysis electronic patient data tracking system, nutritional counseling, clinical laboratory services, blood bank, rehabilitation, psychiatric services, and social services training for self-care dialysis, self-care instruction, and home hemodialysis and peritoneal dialysis. (Application for Permit page 118).

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.230 (f))**

**E) Criterion 1110.230 (g) - Minimum Number of Stations**

The minimum number of in-center hemodialysis stations for an End Stage Renal Disease (ESRD) facility is:

- 1) Four dialysis stations for facilities outside an MSA;
- 2) Eight dialysis stations for a facility within an MSA.

The Applicants are proposing 8 stations. One of the stations will be an isolation station. The proposed facility will be in the Rockford Metropolitan Statistical Area. The Rockford Metropolitan Statistical Area as defined by the United States Census Bureau, is an area consisting of four counties in north-central Illinois (Boone, Ogle, Stephenson, Winnebago), anchored by the city of Rockford. The Rockford MSA is adjacent to the Janesville-Beloit MSA and the Chicago MSA. The Applicants have met the requirements of this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION MINIMUM NUMBER OF STATIONS (77 ILAC 1110.230 (g))**

**F) Criterion 1120.230 (h) - Continuity of Care**

The Applicants have provided a signed affiliation agreement with Advocate South Suburban Hospital. The Applicants have met the requirements of this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CONTINUITY OF CARE (77 ILAC 1110.230 (h))**

**G) Criterion 1110.230 (i) – Assurances**

The Applicants have provided the necessary attestation at page 140 of the Application for Permit. The Applicants have met the requirements of this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.230 (i))**

**XI. Financial Viability**

**A) Criterion 1120.120 – Availability of Funds**

*To demonstrate compliance with this criterion the Applicants must document that the resources are available to fund the project.*

The Applicants are funding this project with cash in the amount of \$509,683 and the fair market value of a lease (FMV) of \$543,522. The Applicants provided their 2018 audited financial statements as required. Based upon the review of the audited financial statements the Applicants have enough resources to fund the cash portion of this project. The lease is an operating lease and the lease expense will be paid from revenues generated by the facility. The Applicants have met the requirements of this criterion.

**TABLE NINE**  
Pro Forma Income Statement  
DCC Rockford  
8-Station ESRD Facility

	Year 1	Year 2
# Patients	30	39
Treatments	4,356	5,663
Revenue	\$1,421,482	\$1,922,527
Revenue per Treatment	\$326	\$339
Expenses		
Personnel	\$823,604	\$991,136
Supplies	\$289,369	\$377,284
Facility Exp.	\$330,321	\$401,107
Depreciation	\$52,490	\$52,490
Amortization	\$9,513	\$9,513
Overhead 3% of Rev	\$42,644	\$57,676
Write-Offs-1% of Revenue	\$14,215	\$19,225
Total Expenses	\$1,562,155	\$1,908,431
Income Before Tax	-\$140,673	\$14,096
Percent Profit	-9.90%	0.73%

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1120.120)**

**B) Criterion 1120.130 - Financial Viability**

*To demonstrate compliance with this criterion the Applicants must document that they have a Bond Rating of "A" or better, they meet the State Board's financial ratio standards for the past three (3) fiscal years or the project will be funded from internal resources.*

The Applicants are funding this project with cash in the amount of \$509,683 and the fair market value of a lease (FMV) of \$543,522. The Applicants have qualified for the financial waiver. To qualify for the financial waiver an applicant must document one of the following:

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or  
HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.
- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or  
HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.
- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A-rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.

The Applicants have met the first requirement above that all capital expended will be funded through internal sources.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)**

**XII. Economic Feasibility**

**A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements**

**B) Criterion 1120.140(b) – Terms of Debt Financing**

*To demonstrate compliance with these criteria the Applicants must document that leasing of the space is reasonable. The State Board considers the leasing of space as debt financing.*

The Applicants are funding this project with cash in the amount of \$509,683 and the fair market value of a lease (FMV) of \$543,522. The operating lease (NNN)<sup>5</sup> is for 10-years at a base rent of \$19.30/psf<sup>6</sup> for the first year and a 2.5% increase annually. [See Additional Information submitted September 19, 2019]

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140(a) & (b))**

**C) Criterion 1120.140(c) – Reasonableness of Project Costs**

*To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable by the meeting the State Board Standards in Part 1120 Appendix A.*

Only Clinical Costs are reviewed in this criterion. As shown below, the Applicants have met all the State Board Standards published in Part 1120, Appendix A. The Applicants are proposing 3,805 GSF of clinical space.

Modernization and Contingency Costs total \$104,638 or \$27.50 per GSF. This appears reasonable when compared to the State Board Standard of \$206.83 per GSF or \$638,071 (3,805 GSF x \$206.83 = \$786,988).

Year	2015	2016	2017	2018	2019	2020 <sup>(1)</sup>	2021	2022
Cost per GSF	\$178.33 <sup>(2)</sup>	\$183.68	\$189.19	\$194.87	\$200.71	\$206.73	\$212.94	\$219.32

1. Midpoint of the construction
2. 2015 is based year costs and inflated by 3% per year.
3. See Part 1120 Appendix A Modernization and Contingency Costs ESRD

Contingency Costs are \$9,513 or 10% of modernization costs. This appears reasonable when compared to the State Board Standard of 10-15% of modernization costs or \$14,269.

Architectural/Engineering Fees are \$45,000 or 43% of modernization and contingency costs of \$104,638. This is HIGH when compared to the State Board Standard of 9.75-14.63% or \$15,309.

<sup>5</sup> A triple net lease is a lease agreement that designates the lessee, which is the tenant, as being solely responsible for all the costs relating to the asset being leased, in addition to the rent fee applied under the lease. The structure of this type of lease requires the lessee to pay the net amount for three types of costs, including net real estate taxes on the leased asset, net building insurance and net common area maintenance. The lease is an operating lease and the lease expense is paid over the life of the lease and not depreciated.

<sup>6</sup> Price per square foot

Movable or Other Equipment Costs not in Construction Contracts are \$360,000 or \$45,000 per station (\$360,000 ÷ 8 stations). This appears reasonable when compared to the State Board standard of \$55,293 or \$442,344 (\$55,293 x 8 stations = \$442,344).

Year	2008	2016	2017	2018	2019	2020	2021
Cost per Station	\$39,945 <sup>(1)</sup>	\$49,127	\$50,601	\$52,119	\$53,683	\$55,293	\$56,952

1. 2008 is base year inflated by 3% per year to midpoint of construction.
2. 2020 midpoint of construction
3. See Part 1120 Appendix A – Movable or Other Equipment not in Construction Contracts

Fair Market Value of Leased Space of \$543,522. The State Board does not have a standard for this cost.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))**

**D) Criterion 1120.140(d) – Projected Operating Costs**

*To demonstrate compliance with this criterion the Applicants must document that the projected direct annual operating costs for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits and supplies for the service.*

The Applicants are projecting \$207.10 operating expense per treatment. The Applicants have addressed this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 ILAC 1120.140(d))**

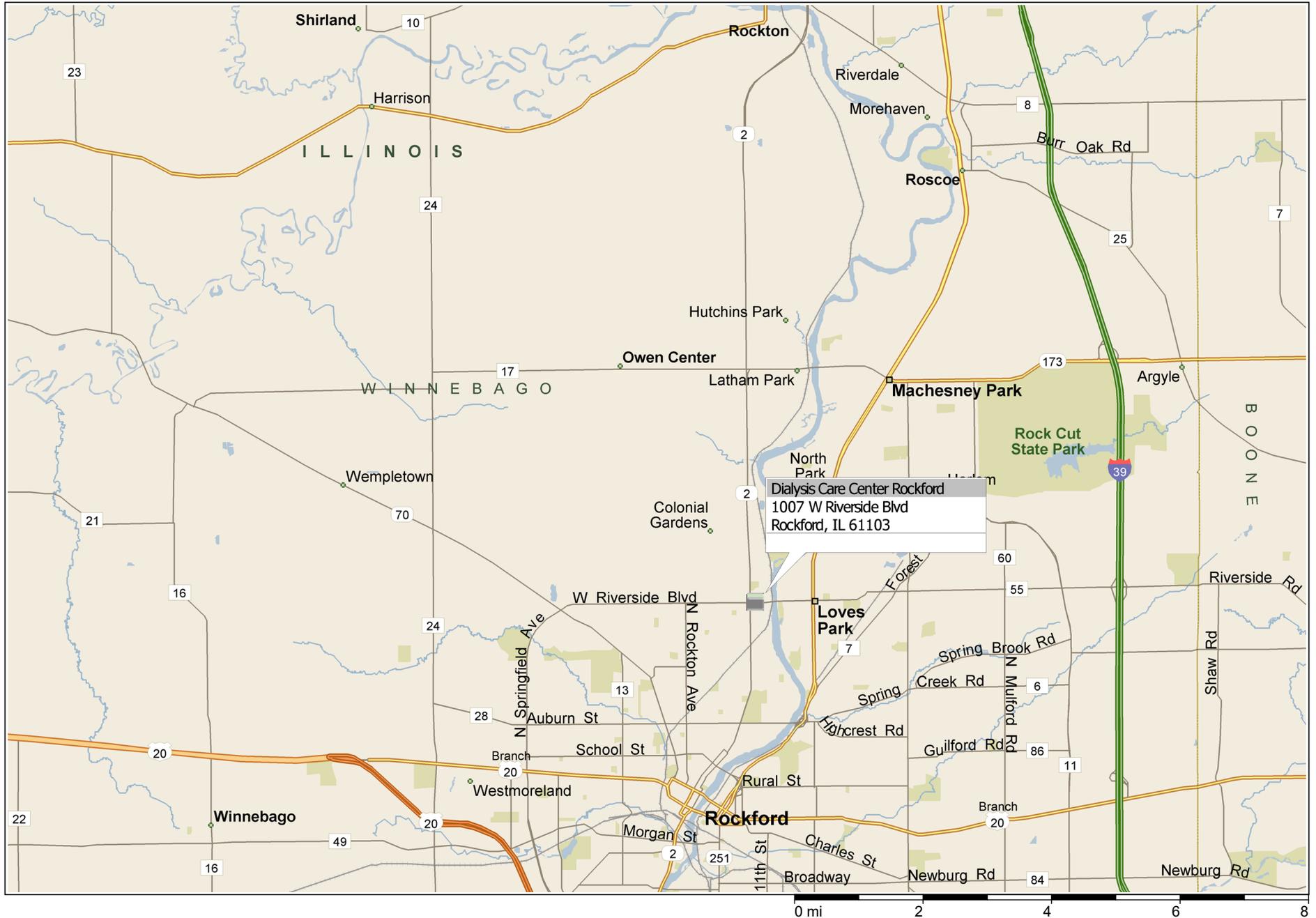
**E) Criterion 1120.140(e) – Total Effect of the Project on Capital Costs**

*To demonstrate compliance with this criterion the Applicants must provide the total projected annual capital costs for the first full fiscal year at target utilization but no more than two years following project completion. Capital costs are defined as depreciation, amortization and interest expense.*

The Applicants are projecting capital costs of \$12.40 per treatment. The Applicants have addressed this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC 1120.140(e))**

# 19-044 Dialysis Care Center Rockford - Rockford





150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

RECEIVED

February 4, 2020

FEB 05 2020  
HEALTH FACILITIES & SERVICES REVIEW BOARD  
Kara M. Friedman  
312.873.3639  
312.601.1111  
kfriedman@polsinelli.com

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

**Re:** Dialysis Care Center Rockford, Project No 19-044

Dear Ms. Avery:

This office represents DaVita Inc. and this letter is in opposition to the Dialysis Care Center of Rockford, LLC (“DCC Rockford”) CON permit application for the above-reference project. It has come to our attention that, after filing its CON permit application before it had secured all required documentation for a complete application, DCC Rockford filed a modification of its CON application with the Health Facilities and Services Review Board’s (“HFSRB”) to change the site of this proposed dialysis facility. To jump the line in the health planning process, DCC Rockford hastily prepared and filed a CON Permit application to open a dialysis facility in Rockford on September 19, 2019. In doing so, it received a completeness determination and was scheduled for HFSRB consideration at the upcoming meeting before DaVita’s pending application in Rockford was filed. Our client compiled and submitted truthful documentation required to have its application deemed complete. On the other hand, DCC Rockford did not follow the HFSRB rules and has continued to demonstrate disregard for the process. Simply put, the HFSRB’s review period for new facilities (120 days) should not have commenced until DCC Rockford provided all of the necessary information for HFSRB to conduct its review of this project.

Despite clearly knowing at the time it originally filed its CON permit application that it had not submitted appropriate evidence of legal site ownership for a proposed dialysis clinic site, DCC Rockford waited nearly three months to change information in its application to attempt to rectify its flawed initial filing. Despite the additional information DCC Rockford submitted, its application continues to be incomplete and inaccurate.

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Phoenix St. Louis San Francisco Seattle Silicon Valley Washington, D.C. Wilmington

Polsinelli PC, Polsinelli LLP in California

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Illinois Health Facilities and  
Services Review Board  
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## **1. December 2019 Modification of DCC Rockford Application**

### **a. Initial Application**

In the initial application, DCC Rockford identified 526 East Jefferson Street in Rockford as the site of the proposed dialysis facility. Importantly, the supposed documentation of site control it included in the application was not signed by the property owner, DYN Rockford. As such, evidence of site control was not provided and the application should not have been deemed complete.<sup>1</sup> In fact, the DYN Rockford owned property was taken off the market for lease to a party unrelated to DCC Rockford last Fall. Of course, beyond the failure to meet the requirements for completeness, the apparent deception DCC Rockford engaged in when it provided the 526 East Jefferson Street address as its proposed site despite surely knowing the site was not available is inappropriate and should have consequences. As staff knows, the certification accompanying CON application materials includes an attestation that “the data and information provided [in the application] are complete and correct to the best of [the applicants’] knowledge and belief.”

### **b. Site Change**

In December 2019, though DCC Rockford did not follow HFSRB requirements, it informed the HFSRB that the 526 East Jefferson Street location would not be the planned clinic site and changed the address to 1007 West Riverside Boulevard. A change in the project site is a Type A modification. See 77 Ill. Admin. Code 1130.650(a)(2). Technically, when an applicant modifies an application, it must provide HFSRB with revised application pages effected by the modification along with a modification filing fee. The submission noting the site change was not dated or signed. In fact, nothing other than one unsigned page (the first page of the application) noting a different address was posted as of December 9, 2019 despite the fact that DCC has demonstrated an understanding of the HFSRB rules based on numerous other projects before the HFSRB. It neglected to provide ownership information for the new site, documentation of compliance with the Historic Resources Preservation Act, and *documentation of site control for the proposed dialysis clinic*. Further, despite the fact that the layout of the building at the 1007 West Riverside Boulevard site appears, from publicly available information, to be different from

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<sup>1</sup> This statement is not intended as a criticism of HFSRB staff but rather points to the misleading conduct of DCC Rockford.



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Services Review Board  
February 4, 2020  
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and larger than the 526 East Jefferson Street property, DCC Rockford did not submit any updated square footage and associated cost data. The HFSRB staff has been forced to take the word of DCC Rockford representatives in their claims that the square footage, cost and fair market value of the building of an entirely different site and building configuration are the same.

**c. December 18, 2019 Submission**

Apparently in response to a staff request, DCC Rockford submitted some additional materials regarding the 1007 West Riverside Boulevard site. While a letter between DCC Rockford and Meridian Investment Partners, L.L.C. (“Meridian”) was provided, it raises several issues. First, the landlord listed on the letter was Meridian, an affiliated entity of DCC Rockford, which was not included as a co-applicant on the certificate of need application. As an affiliated party and proposed landlord, Meridian failed to demonstrate, by deed or purchase contract, that it owns or will own the 1007 West Riverside Boulevard site. In fact, *JM Commercial Properties LLC is the owner of record of the 1007 West Riverside Boulevard property NOT Meridian.* Documentation of the site’s ownership from the Rockford Township Assessor’s website and the Winnebago County Recorder’s website show JM Commercial Properties LLC’s as the owner of the 1007 West Riverside Boulevard property is included as Exhibit 1. Further, with the exception of the premises address, the terms of the Meridian letter are identical to the letter of intent initially submitted with the application despite it being a larger and an apparent multi-tenant building.

**d. January 3, 2020 Submission**

DCC Rockford made another attempt to correct its flawed application in January. While DCC Rockford included Meridian as a co-applicant, it failed to document that Meridian had control of the site of the proposed dialysis facility or financial statements demonstrating financial resources to fund the project. Accordingly, the application is lacking key data and the substantive review period should not commence until this information is provided.

**2. Meridian Letter**

The letter between DCC Rockford and Meridian raises several issues. It appears both the 526 East Jefferson Street site and the 1007 West Riverside Boulevard site would involve modernization of an existing building. It is highly doubtful DCC Rockford would find a second location in an existing building that meets all of the parameters of the initial site, i.e., exact



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Illinois Health Facilities and  
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square footage, lease term, base rate and annual rent escalations. In fact the Meridian letter practically mirrors the DYN Rockford letter of intent.

Furthermore, based upon the initial application, the project costs and sources of funds did not change due to the site change, which is highly unusual. While DCC Rockford included a nominal construction budget to modernize the 526 East Jefferson Street site, it is highly unlikely the same or similar issues exist at the 1007 West Riverside Boulevard site requiring no change to the construction budget for the project. Further, if Meridian is the developer of the site, as a related party co-applicant, Meridian's costs to renovate the site should be included in the project costs as well as evidence showing it has the financial resources to develop the site. Further, DCC Rockford did not provide documentation on how it determined the fair market value of the leased space for either location. Once again, it is highly unlikely two sites in different areas of Rockford would have the same fair market value. Amortizing the lease using an 8% discount factor, it appears DCC Rockford undervalued the fair market value of the lease, as the aggregate payments over the lease term utilizing an 8% discount factor would be \$587,003, higher than the \$543,522 listed in the certificate of need application. See App. p 7. There are significant questions about the site and the lease, and DCC Rockford must address these issues before this project is allowed to move forward.

Thank you for your time and consideration of DaVita's concerns regarding the DCC Rockford project. We respectfully request the HFSRB deny DCC Rockford's application for an 8 station dialysis facility in Rockford.

Sincerely,

A handwritten signature in cursive script that reads "Kara M. Friedman".

Kara M. Friedman

KMF:gk

Enclosures

**Exhibit I**

Attached are snips from the Rockford Township Assessor's website and the Winnebago County Recorder's website documenting JM Commercial Properties LLC as the owner of the site of the proposed DCC Rockford. The snip from the Rockford Township Assessor's website below documents the Parcel Number for the subject property is 11-01-301-016, and the legal description begins with "Chas A Lights River View". The snip from the Winnebago County Recorder's website on the following page shows all documents that have been recorded which contain "JM Commercial Properties, LLC" as either the Grantor or Grantee. There is only one deed shown in the snip that contains the legal description of the subject property (last deed on the list), and that deed is the vesting deed that is attached hereto.

**Rockford Township Assessor's Website**

<u>Property Location</u>	<u>Legal Description</u>
<b>Parcel Number:</b> 11-01-301-016	CHAS A LIGHTS RIVER VIEW SUB PT W1/2 SEC 1-44-1 BEG PT 17 FT OF SE
<b>Property Code:</b>	COR LT 26 TH W 30.47 FT NW 55.24 FT W 40.7 FT N 142.79 FT E 126 FT TH S
<b>Address:</b> 1007 W RIVERSIDE BLVD Rockford, IL 61103	151.5 FT TO POB PT LTS 23 THRU 26
<b>Taxpayer:</b> JM COMMERCIAL PROPERTIES LLC	<b>SEC / TWP / [LOT] / RNG [BLK] / ACRES</b>
9924 SHORE DRIVE MACHESNEY PARK, IL 61115	000 000 000 0 00

## Winnebago County Recorder's Website

JIM commercial properties, llc					Results: 8
Document No	Document Type	Recorded Date	Party 1	Party 2	Legals
20191000713	DEED	1/9/2019 11:49:40 AM	MICHALSEN JAMES ...	JM COMMERCIAL P...	Multiple Legals: See ...
20181005900	DEED	3/2/2018 1:56:37 PM	JM COMMERCIAL P...	GRACEFFA FRANKA	Sub: RALSTON INDU...
20181000256	DEED	1/3/2018 9:14:33 AM	JOHNSON KEVIN L TR	MICHALSEN JAMES N	Sub: GREGORY & GI...
20171039676	MORTGAGE	12/8/2017 4:25:25 PM	JM COMMERCIAL P...	ALPINE BK & TRUST ...	Sub: ELMWOOD PAR ...
20171039675	DEED	12/8/2017 4:25:24 PM	REES JASON	JM COMMERCIAL P...	Sub: ELMWOOD PAR ...
20161040518	DEED	12/30/2016 4:31:53 PM	MICHALSEN JAMES ...	JM COMMERCIAL P...	Sub: HIAWATHA IND...
20161040516	DEED	12/30/2016 4:31:51 PM	MICHAELSEN JAME...	JM COMMERCIAL P...	Sub: RALSTON INDU...
20161040515	DEED	12/30/2016 4:31:50 PM	MICHALSEN JAMES ...	JM COMMERCIAL P...	Sub: LIGHTS C A RIV...

<p><b>20161040515</b>                  12/30/2016 4:31:50 PM                  DEED                  12/28/2016                  Ref No:OCD  <a href="#">Purchase more information and the image for this document</a></p>	<p><b>Parties</b></p> <p>Party 1: MICHALSEN JAMES N JR</p> <p>Party 2: JM COMMERCIAL PROPERTIES LLC</p>	<p><b>Additional</b></p> <hr style="border: 1px solid black;"/>
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Deed to Parcel 11-01-301-016

(12/30/16) : 00682

11-01-301-016



20161040515

Filed for Record in WINNEBAGO COUNTY, IL NANCY MCPHERSON, RECORDER 12/30/2016 04:31:50PM

DEED 36.00 RHSP: 9.00

**QUIT CLAIM DEED**

THE GRANTOR, JAMES N. MICHALSEN JR, for and in consideration of the sum of Ten Dollars (\$10.00), in hand paid, and other good and valuable consideration, receipt of which is hereby duly acknowledged, CONVEYS AND QUIT CLAIMS unto

JM COMMERCIAL PROPERTIES, LLC, an Illinois limited liability company, whose address is 9924 Shore Dr., Machesney Park, IL 61115,

all interest in the following described real estate, commonly known as:

1007 West Riverside Boulevard, Rockford, IL 61103

PIN: ~~11-01-301-013~~

and legally described as follows:

\*\*\* See attached legal description.

subject to real estate taxes for the year 2016 and all subsequent years and all outstanding assessments, and subject to any and all easements, restrictions, covenants and encumbrances of record. All rights under and by virtue of the Homestead Exemption Laws of the State of Illinois are hereby released and waived.

IN WITNESS WHEREOF, said Grantor has executed this Quit Claim Deed as of December 28, 2016.

Grantor:

James N. Michalsen, Jr.

Exempt pursuant to Section 31-45(e) of the Real Estate Transfer Tax Law (transfers with consideration under \$100).  
  
Signature Date 12-30-16

STATE OF ILLINOIS            )  
   )  
 WINNEBAGO COUNTY         )

SS

I, the undersigned, a Notary Public, in and for said County and State aforesaid, DO HEREBY CERTIFY THAT James N. Michalsen, Jr., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, as having executed the same, appeared before me this day in person and acknowledged that s/he signed, sealed and delivered the said instrument as his/her free and voluntary act for the purposes therein set forth.

Given under my hand and Notarial Seal this 28<sup>th</sup> day of December, 2016.



*Tara Adams*  
 \_\_\_\_\_  
 Notary Public

<b>FUTURE TAXES AND RETURN TO:</b>
JM Commercial Properties, LLC 9924 Shore Dr. Machesney Park, IL 61115

Prepared by:  
 Attorney C. Ander Smith  
 4320 Spring Creek Road  
 Rockford, IL, 61107

(12/30/16)

02683A

Legal Description

(1007 West Riverside Boulevard, Rockford, IL 61103)

Part of Lots Twenty-three (23), Twenty-four (24), Twenty-five (25) and Twenty-six (26) as designated upon the Plat of Chas. A. Light's River View Subdivision, being a Subdivision of a part of the West Half (1/2) of Section 1, Township 44 North, Range 1 East of the Third Principal Meridian, the Plat of which is recorded in Book 20 of Plats on Page 14 in the Recorder's Office of Winnebago County, Illinois, bounded and described as follows, to-wit: Beginning at the point of intersection of the North line of a public highway designated Riverside Boulevard, as shown upon State of Illinois Right-of-Way Plat of S.B.I. Route 2 Sec. 77.2 as recorded in the said Recorder's Office with the East line of said Lot Twenty-six (26); thence South 89 degrees 10' 05" West, along the North right-of-way line of said Riverside Boulevard, 126.00 feet; thence North 00 degrees 12' 55" West, parallel with the West line of Robey Avenue as designated upon said Plat of Chas. A. Light's River View Subdivision, 151.50 feet; thence North 89 degrees 10' 05" East, parallel with the North right-of-way line of said Riverside Boulevard, 126.00 feet to the West line of said Robey Avenue; thence South 00 degrees 12' 55" East, along the West line of said Robey Avenue, 151.50 feet to the point of beginning; EXCEPTING THEREFROM:

A part of Lot Twenty-six (26) as designated upon the Chas. A. Light's River View Subdivision, being a Subdivision in the West Half (1/2) of Section 1, Township 44 North, Range 1 East of the Third Principal Meridian, the Plat of said Subdivision is recorded in Book 20 of Plats on Page 14 in the Recorder's Office of Winnebago County, Illinois, described as follows:

Commencing at the Northeast corner of said Lot Twenty-six (26); thence South 1 degree 06' 37" East, 33.01 feet (bearings and grid distances are referenced to the Illinois State Plane Coordinate System West Zone Datum of 1983(97) on the East line of said Lot Twenty-six (26) to the Northerly right of way line of a public road designated Riverside Blvd.; thence South 88 degrees 17' 41" West, 30.47 feet on said Northerly right of way line, to the point of beginning.

From the point of beginning thence South 88 degrees 17' 41" West, 95.53 feet on said Northerly right of way line, to the East line of the premises conveyed to Amcore Bank N.A., Rockford, Trustee from United Bank of Illinois N.A., Trustee by Deed in Trust recorded December 15, 1986 as Document No. 1730866 in said Recorder's Office; thence North 1 degree 06' 37" West, 8.71 feet on the East line of said premises so conveyed; thence South 89 degrees 33' 36" East, 40.70 feet; thence South 84 degrees 13' 48" East, 55.24 feet, to the point of beginning; situated in the County of Winnebago and State of Illinois.

# # #