

75
Years
STRONG

THE JOURNEY OF **BUILDING** TOMORROW *Together*

A TIMELINE OF PLANNING, PARTNERSHIP, AND PREPARATION

Stronger Partnerships | Financial Clarity | Community Focus | Strategic Phasing | A Legacy of Care

A Message from CEO Courtney Unruh

A new hospital and clinic may be the most visible part of Freeman Regional Health Services's (FRHS) plans for the future, but this journey did not begin with a building. It has been years of evaluating, listening, analyzing, and building the partnerships needed to preserve rural healthcare.

While FRHS is affiliated with Avera, Freeman Regional remains a locally governed organization. Because of our strength, FRHS is moving forward with financing the new hospital and clinic independently, without relying on Avera's capital funding. Avera has endorsed the project and supports the hospital and clinic as the first phase of the healthcare campus.

FRHS has the ability to move this project forward independently – but it is not moving forward alone. We have assembled a team of experts to guide us through this journey.

We hope this timeline gives you a glimpse into the many years of work and decisions that brought us to this moment. This vision has been shaped by thoughtful planning, collaboration, and a continued commitment to the future of rural healthcare.

Sincerely, 

2018 - REEVALUATING THE CAMPUS

The FRHS Board partnered with BWBR, an architectural firm specializing in healthcare, to evaluate the costs and benefits of remodeling the current campus versus building a new facility. The cost and limited lifespan of updating aging infrastructure, combined with the land-locked campus, lead BWBR to recommend a new healthcare campus.

2019 - LAND PURCHASE

Salem Mennonite Home (SMH) launched a capital campaign and purchased 20 acres along Highway 81 for future development.

By year end, financial projections determined that Freeman's healthcare organizations could not independently fund an ideal future healthcare campus, reinforcing the need for collaboration, strategic partnerships, and a financially sustainable path forward.

2020 - EVALUATING PARTNERSHIP OPTIONS - KEEPING LEADERSHIP LOCAL

The FRHS Board carefully evaluated an Avera lease arrangement versus an affiliation agreement and chose to become an Avera affiliate – gaining access to Avera expertise and resources while intentionally preserving local governance. FRHS employees, including the CEO and administrative team, remain FRHS employees and are accountable to the locally-governed FRHS Board of Directors. Note: In 2011 the FRHS clinics signed a joint operating agreement with Avera to provide industry employment standards for doctors and advanced practice providers with FRHS clinics maintaining local governance.

FRHS purchased 20 acres adjacent to the SMH property along Highway 81.

2021 - SHARED CAMPUS VISION

On January 14, FRHS and SMH announced a shared vision for a future healthcare campus. Throughout the year, leaders discussed organizational structure and evaluated Avera's proposed 25-year lease option.

FRHS initiated a strategic plan with an updated Mission, Vision, and Values.

By year-end, Avera encouraged Freeman's healthcare organizations to work together before moving forward with a campus project under Avera.

2022 - NEGOTIATING A MERGER

FRHS and SMH spent the year working through the details needed to bring the organizations together.

FRHS received grant funding through the USDA Rural Hospital Technical Assistance Program championed by Senator Mike Rounds. Through this initiative experts evaluated FRHS financial and operational practices and identified opportunities to strengthen the revenue cycle, improve cash flow, and expand revenue-generating services.

"This work helped us identify practical ways to improve, putting FRHS in a stronger financial position to sustain local healthcare and plan confidently for the future."

– PHIL HUSHER, FRHS CFO

Avera evaluated how to prioritize major rural capital projects, with the FRHS project ranking among its top rural priorities. While Avera proposed a lease option for a new hospital, clinic, and nursing home, this discussion did not include assisted living or independent living.

2023 - COMING TOGETHER, CARING FOR ALL

FRHS and SMH merged, providing a full continuum of care within one organization. Avera leadership changed and put major capital projects on hold. FRHS continued preparation for a new healthcare campus by visiting facilities with recent construction projects.

"When Avera paused its building projects, we kept moving forward. FRHS leaders, board members, and providers toured healthcare facilities in Gregory, Milbank, and Rock Rapids to learn from other rural communities including what worked well, what they would do differently, and what could benefit FRHS the most."

– COURTNEY UNRUH, FRHS CEO/ADMINISTRATOR

2024 - PLANNING FOR THE FUTURE OF SENIOR LIVING

Leadership, medical providers, and board members continued learning by touring modern senior living facilities in several communities. Independent living, assisted living, and long-term care models were evaluated to understand how senior services could best fit within a unified healthcare campus.

2025 - AN INDEPENDENT & SUSTAINABLE FIRST STEP

Early in the year, a comprehensive financial analysis completed by healthcare auditing and advisory firm Eide Bailly was reviewed by the FRHS Board and Avera. The analysis determined that a new hospital and clinic would be the most sustainable first phase of the future healthcare campus. It was discussed that these areas generate the greatest share of revenue and cash flow, providing the strongest financial foundation for the organization and helping position FRHS to independently complete future phases of the campus plan.

"That financial analysis gave the board a clear path forward. Starting with the hospital and clinic gives FRHS the strongest financial foundation for the entire campus. By beginning with the services that generate the greatest revenue and cash flow, we are positioning the organization to remain financially strong and independent, and ultimately move toward the senior living and long-term care phases more quickly. We have realized, and so has Avera, that we can fund this independently."

– STEVE FUHRMANN, FRHS BOARD VICE PRESIDENT

Avera's representatives said that they strongly support the decision to build the hospital and clinic as the first phase and they endorsed FRHS moving forward with the project. Through the ongoing affiliate agreement, FRHS will continue to benefit from Avera's healthcare expertise, resources, and support without having to rely on Avera's capital planning process or timeline to move forward.

"Working with Avera is increasingly important as healthcare continues to change. Avera's support confirms that Freeman Regional is a valued partner today. They care about our success in the future. Having a regional healthcare leader like Avera in our corner provides confidence as we move forward." – DR. JAY ALLISON, MD, FAAFP

SURROUNDED BY EXPERTS

BWBR
Architecture

JOURNEY
Construction

TEGRA
Owner's Rep

COLLIERS
Finance

AVERA
Partnership

Expertise in healthcare planning, architecture, construction, financing and project oversight helps give the FRHS Board the information needed to make educated decisions.

APRIL | ARCHITECTS ENGAGED

The FRHS Board approved moving forward with BWBR Architects for conceptual planning, marking an important transition from years of study and discussion to active planning for the new hospital and clinic.

MAY | LISTENING TO SENIOR LIVING RESIDENTS

Lessons learned at facilities that offer independent and assisted living together led to individual conversations with each resident at the Walnut and Dewald Street Villages. Those conversations revealed residents' strong desires to age in place. Rather than asking independent living residents to leave an apartment they loved, FRHS recognized an opportunity to bring assisted living services to them.

AUGUST | AGING IN PLACE

While the hospital and clinic were identified as the most financially sustainable first phase of the new campus, FRHS also recognized the need to improve senior living services in an economical and affordable way while the larger campus plan moves forward. Subsequently, following months of evaluation and resident conversations, the FRHS Board voted to move forward with transitioning independent living apartments at the Villages to support assisted living services – creating additional opportunities for residents to remain in familiar surroundings as their needs change.

OCTOBER | EXPLORING FINANCING OPTIONS

FRHS turned its attention toward determining the strongest financing strategy for the project. FRHS began discussions with Avera regarding potential financing partners and continued investigating financing and grant opportunities. FRHS also learned from rural healthcare projects in Mobridge and Bennett County in South Dakota and Sioux Center, Iowa.

NOVEMBER | BUILDING THE FINANCIAL PATH

FRHS interviewed five financial firms to evaluate financing strategies and expertise. Later, the Board selected Colliers to assist with the financing strategy for the new hospital and clinic.

DECEMBER | LEGISLATIVE SUPPORT

State legislators visited FRHS, learned more about the healthcare campus vision, and expressed excitement about the future investment in Freeman and the surrounding region.

"Your vision for building a new hospital and clinic is exciting. Building a new hospital drives economic development. First of all, it retains and creates jobs. Then think of the people who want to move to a community where there are a lot of employers in town and housing opportunities, a clinic and hospital, and long-term care facilities – all in your backyard. You don't need to leave town for anything. Your timing is really good – celebrating 75 years and planning to be there for the next 75 years."

– DREW PETERSON, SD STATE REPRESENTATIVE, DISTRICT 19

By the end of 2025, years of planning had produced: a clear first phase, confidence in FRHS's ability to finance it independently, and a strategy to support the phased development of the overall healthcare campus.

2026 - MOVING THE VISION FORWARD

Throughout 2026, the focus shifted to assembling the right project team, advancing building design, evaluating financing options, and pursuing outside funding – all while maintaining local governance and financial independence.

JANUARY | HONORING THE PAST, CELEBRATING THE PRESENT

Black and white photos at the annual FRHS Gala honored 75 years of healthcare and set the stage for a formal announcement: FRHS is moving forward with plans for a new hospital and clinic and bringing assisted living services to the Walnut and Dewald Street Villages.

"This approach balances the immediate needs in our community while setting us up to be financially successful throughout each phase of building a new healthcare campus. This has been a long journey with a few detours and maybe a couple temporary roadblocks, but at the same time, FRHS has stayed on course and used the time to prepare financially, allowing us to remain independent in this project. That is where I see God in this project. He was working out the details, even when we thought they were roadblocks."

– LORI UECKER, FRHS BOARD PRESIDENT

MARCH | PURSUING FUNDING

FRHS requested approximately \$13 million in federal Congressionally Directed Spending (CDS) through Senator Mike Rounds' office to help offset project costs. Letters of support from Avera, the City of Freeman, Freeman Community Development Corporation, Vermeer, and the Hutchinson County Commissioners demonstrated broad regional support for continued investment in rural healthcare. Appropriations for CDS requests will be announced in the next six months.

APRIL | BUILDING THE TEAM

Construction manager interviews were conducted with the FRHS Building Project Committee and representatives from BWBR, Colliers and Avera. Because of their healthcare expertise and competitive bid, FRHS selected Journey Construction and authorized BWBR to begin the schematic design phase.

"I just wanted to thank and commend you and your team for the work you're doing! You've done a great job keeping the new hospital project moving forward while also maintaining day to day operations."

– CAMERON BECKER, FRHS BOARD MEMBER

JUNE | PROJECT GUIDANCE

FRHS hired the Tegra Group as an owner's representative to champion and protect FRHS interests, navigate contracts, and keep the project aligned with FRHS's goals.

"The thing I really appreciate in all of this is how leadership is surrounding the board with experts to make educated decisions."

– LORI UECKER, FRHS BOARD PRESIDENT

JULY | FINANCING & ARCHITECTURE MOVE FORWARD

To determine the best financing method, Colliers evaluated three models: bank placement, bond financing, and USDA financing. The FRHS Board moved forward with Colliers recommendations for bank placement and starting the design development phase. This phase allows the project to be accurately priced and prepared for construction documents.

"After all these years of planning and discussion, it is exciting to feel confident that we are taking the right path. We have done the work to understand what FRHS can responsibly support. This is a pivotal moment for Freeman Regional as we move from planning toward making this vision a reality."

– DR. JASON AANENSON, FRHS BOARD TREASURER

AUGUST | CAMPUS PLAN MOVES FORWARD

FRHS submitted a Conditional Use Permit application to the City of Freeman to construct a hospital, clinic, helipad, future nursing home, and senior living. Assisted Living residents transitioned to Walnut and Dewald Street Villages and Oakview Terrace assisted living facilities.

We will be sharing a construction timeline soon!



Freeman Regional
HEALTH SERVICES
www.freemanregional.com

An Avera Affiliate



More than a building. A commitment to the future of rural healthcare.

HONORING OUR PAST • CARING FOR TODAY • BUILDING TOMORROW TOGETHER