



Fresenius Medical Care

RECEIVED

April 12, 2012

APR 13 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

**Re: Modification: Project #12-029, Fresenius Medical Care –
BMA Southwestern Illinois**

Dear Ms. Avery:

I am writing to request a Type A Modification, specifically a change of the square footage, of the above mentioned project. The following pages are replacement pages for the original application pertaining to the new size. These include:

- Page 5 Project Costs and Sources of Funds
- Page 16 Availability of Funds
- Page 25-26 Attachment 2 – Letter of Intent for Leased Space
- Page 33-34 Attachment 7 – Itemized Costs
- Page 36 Attachment 9 - Cost Space Requirements
- Page 133-134 Attachment 39 – Letter of Intent for Leased Space
- Page 146 Economic Feasibility

Since the public hearing requirements will be applicable to this modification, enclosed is a check for \$2,000.

Please notify me of any additional information or any additional application fees required.

Sincerely,

Lori Wright
Senior CON Specialist
Phone 708-498-9121

cc: Clare Ranalli

Fresenius Medical Services ♦ North Division

One Westbrook Corporate Center, Suite 1000 Westchester, IL 60154 708-562-0371

Fresenius Management Services, Inc.
 3850 N. Causeway Blvd.
 Suite 1400 PH (504) 838-6108
 Metairie, LA 70002

Fresenius Medical Care

DATE: 04/09/2012
 CHECK NO.: 0006218261

NET AMOUNT

PAY *****2,000.00*

PAY. Two thousand and 00/100 Dollars

TO THE ORDER OF

ILLINOIS DEPT OF PUBLIC HEALTH
 FACILITIES PLANNING BOARD
 525 WEST JEFFERSON STREET
 SPRINGFIELD IL 62761

Michael Bussan

Wells Fargo Bank, N.A.

12-029 FMC - BMA Southwestern IL

⑆0006218261⑆ ⑆05310156⑆ ⑆207990001555⑆

VENDOR NO.# 172686

PLEASE DETACH BEFORE DEPOSITING

PAGE 1 OF 1

0006218261

INVOICE#	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT AMT.	NET AMOUNT
16470404	04/04/2012	1647 CON APPLICATION MODIFICATION F #12-029	2,000.00	0.00	2,000.00
TOTALS			\$2,000.00		\$2,000.00

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 equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	1,454,506	N/A	1,454,506
Contingencies	159,893	N/A	159,893
Architectural/Engineering Fees	160,000	N/A	160,000
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	500,000	N/A	500,000
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	1,878,530 289,125	2,167,655	N/A 2,167,655
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	4,442,054		4,442,054
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	CLINICAL
Cash and Securities	2,274,399	N/A	2,274,399
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	2,167,655	N/A	2,167,655
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
TOTAL SOURCES OF FUNDS	4,442,054	N/A	4,442,054

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE 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)

VIII. - 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:**

<u>2,274,399</u>	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> 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;
<u>N/A</u>	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
<u>N/A</u>	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
<u>2,167,655</u>	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: <ol style="list-style-type: none"> 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 terms and conditions.
<u>N/A</u>	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;
<u>N/A</u>	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
<u>N/A</u>	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<u>4,442,054</u>	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



April 2, 2012

Charles Newth
Senior Real Estate Manager
Fresenius Medical Care North America
Reservoir Woods
920 Winter Street
Waltham, MA 02451-1457
charles.newth@fmc-na.com
phone: (781) 699-9993
fax: (781) 699-9776

Re: **Letter of Intent to Lease the Property located on Professional Drive, Alton, IL 62002.**

Dear Charles,

This letter is intended to outline certain business points of the pending building lease transaction for the Property referenced herein as follows:

- Parties:**
 - Landlord: FRE Alton
 - Tenant: Bio-Medical Applications of Illinois, Inc., a Delaware corporation, d/b/a Fresenius Medial Care Southwestern Illinois
 - Guarantor: Fresenius Medical Care Holdings, Inc.

- Property:** The Property to be constructed consists of +/- 10,243 rsf (9,664 usf) square feet on +/-1.91 acres located on Professional Drive, Alton, IL 62002; the land site is as shown on **Exhibit "A"** attached hereto.

- Primary Lease Term:** 15 years

- Options to Renew:** Three (5) five year options

- Rental Rate:** The rental rate is estimated at \$16.98 rsf, to be adjusted based on final project costs. Rental Rate shall increase 1.7% per year.

- Lease Commencement:** One Hundred Twenty (120) days after Shell Building Substantial Completion

- Landlord Responsibilities:**
 - (a) Warranty all shell building defects for one (1) year per contractor warranties.
 - (b) During the Lease Term, Landlord shall without expense to Tenant unless damaged is caused by Tenant, maintain and make all necessary repairs and/or replacements to the exterior and structural portions of the Property and Premises, including, without limitation: foundations, structure, load bearing walls, exterior walls, the roof and roof supports, columns, retaining walls, gutters, downspouts, flashings, and footings. Should it be required, Landlord shall be responsible for parking lot replacement.
 - (c) Landlord, at its own expense, shall install heating and air conditioning equipment to serve the Premises ("HVAC"), in accordance with Construction

Drawings, and as required by any applicable building codes or Tenant's specifications at the time of original construction, if the same is provided to Landlord. Tenant shall be responsible for the installation of ductwork for and regular maintenance of the HVAC systems. Tenant may, at its sole cost and expense, hire an independent licensed contractor to perform such installation and maintenance. Tenant shall provide Landlord with the annual maintenance report prepared by the contractor if requested by the Landlord. Notwithstanding the foregoing, Landlord shall, at its sole cost and expense, be responsible for any single repair to or replacement of the HVAC equipment specified in the Construction Drawings for the portion of such individual repair costs which exceeds Two Thousand Five Hundred Dollars (\$2,500.00). The Two Thousand Five Hundred Dollar (\$2,500) repair and maintenance allowance shall escalate by two percent (2%) annually. In the event the Tenant does not engage an independent contractor to perform annual maintenance and required repairs, such threshold shall increase to \$7,500 which shall escalate 2% annually.

**Tenant
Responsibilities:**

(a) During the Lease Term, Tenant shall at its sole cost and expense keep in good working order, repair and maintain the non-structural portions of the interior of the Premises including Tenant Improvements and Alterations, as well as landscaping, parking lot maintenance (restriping and resurfacing), window cleaning, pest control, snow removal, and trash removal and janitorial.

(b) Tenant shall pay all utility service charges directly, and Tenant shall pay directly or reimburse Landlord for all building insurance and tax bills by the required payment date.

Contingency:

Lease shall be contingent on Tenant obtaining a Certificate of Need from the Illinois Department of Health in order to relocate the facility and continue operations at the new Property.

This letter is non-binding but is intended to provide an outline for drafting the formal lease agreement between the Parties. To date, Landlord has been indemnified by Tenant for an amount of \$162,250.00.

Best Regards,

Paul Brown

Paul Brown
Partner
MGB Development Group

ACCEPTED, AGREED AND APPROVED:

By: _____

Name: _____
(Please print)

Title: _____

Date: _____

Address: _____

Telephone/Email: _____

SUMMARY OF PROJECT COSTS

Modernization Contracts

General Conditions	70,000
Temp Facilities, Controls, Cleaning, Waste Management	3,506
Concrete	18,000
Masonry	22,000
Metal Fabrications	10,500
Carpentry	128,000
Thermal, Moisture & Fire Protection	25,500
Doors, Frames, Hardware, Glass & Glazing	100,000
Walls, Ceilings, Floors, Painting	235,000
Specialties	18,000
Casework, FI Mats & Window Treatments	8,500
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	465,000
Wiring, Fire Alarm System, Lighting	280,500
Miscellaneous Construction Costs	70,000
Total	1,454,506

Contingencies

Contingencies **\$159,893**

Architectural/Engineering

Architecture/Engineering Fees **\$160,000**

Movable or Other Equipment

Dialysis Chairs	35,000
Misc. Clinical Equipment	32,500
Clinical Furniture & Equipment	37,000
Office Equipment & Other Furniture	38,000
Water Treatment	150,000
TVs & Accessories	95,000
Telephones	22,500
Generator	41,000
Facility Automation	33,000
Other miscellaneous	16,000
Total	500,000

Fair Market Value Leased Space & Equipment

FMV Leased Space (8,500 GSF)	\$1,878,530
FMV Leased Dialysis Machines	281,925
FMV Leased Computers	7,200
Total	\$2,167,655

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. 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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	4,442,054		10,243		10,243		
Total Clinical	4,442,054		10,243		10,243		
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL	4,442,054		10,243		10,243		
APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Criterion 1110.234, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ESRD IN-CENTER HEMODIALYSIS	10,243 (19 Stations)	360-520 DGSF	NONE	No

As seen in the chart above, the State Standard for ESRD is between 360-520 DGSF per station. This project is being accomplished in leased space with the interior to be built out by the applicant therefore the standard being applied is expressed in departmental gross square feet. The proposed 10,243 DGSF amounts to 539 DGSF per station and fall over the State Standard.

While this is over the State standard, the applicant is planning on expanding its home dialysis department and is going to add home hemodialysis to its treatment options, which it currently does not offer so extra space will be required for that training room. The facility also has plans to add nocturnal dialysis and the station area for this option requires additional space.

This facility has expanded in the past and it is expected that it would again expand in the future. It is more cost effective to have space to expand available than to have to build on to the building or relocate to a larger space. The facility has been at its current site for 26 years and it is expected to operate at the relocated site indefinitely as well.



April 2, 2012

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Paul Brown

Paul Brown
Partner
MGB Development Group

ACCEPTED, AGREED AND APPROVED:

By: _____

Name: _____
(Please print)

Title: _____

Date: _____

Address: _____

Telephone/Email: _____

