

Murer Consultants, Inc.



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HEALTH FACILITIES &
SERVICES REVIEW BOARD

58 North Chicago Street
7th Floor
Joliet, IL 60432
815-727-3355 Telephone
815-727-3360 Telefax

November 14, 2012

Dale Galassie, Chairman
Illinois Health Facilities and Services Review Board
2nd Floor
525 West Jefferson Street
Springfield, Illinois 62761

**Re: DuPage Medical Group – Medical Office Building, Request for Permit
Renewal**

Dear Chairman Galassie,

Please accept this letter requesting a renewal of the permit for the DuPage Medical Group – Medical Office Building (Project 12-051). This request is made pursuant to 77 Ill. Adm. Code § 1130.740.

The application for permit was approved by the Board on September 11, 2012, with a project completion date of December 31, 2012. The necessary obligation letter was filed with the Board on or about October 2, 2012. DuPage Medical Group (DMG) and Rush University Medical Center (RUMC) have proceeded with the project in all due diligence and in good faith. However, it has taken longer than expected to complete all components of the project.

Reasons for Seeking Renewal

It should be noted that the project completion date of December 31, 2012 was the best estimate for a completion date at the time of the original CON application (submitted May 2012). However, due to delays in getting final approval for the project it became necessary to seek a new completion date.

This because DMG and RUMC deemed it prudent to limit further expenditures while the application was under consideration, and approval was not received until September 11, 2012. As a result, there was a delay in (1) commissioning some radiation oncology equipment and (2) hiring staff for the chemotherapy/infusion portion of the building leased by RUMC. Given these delays, the applicants are seeking a permit renewal so as to obtain a new completion date.

Requested Completion Date

For the reasons stated above, DMG and RUMC respectfully requests a **new project completion date of April 30, 2013**. This would be in line with the time frame for construction as envisioned in the original application, and also takes into account the issues that have thus far delayed or potentially could delay the project from being completed in an expeditious manner. The extension would also allow DMG and RUMC to continue their diligent work on the project, as evidenced by the advanced stage of the MOB's construction and the amount of funds that have been expended on the project.

The applicants would note that it intends to complete the project in advance of the revised completion date it is requesting. Specifically, it intends to complete the project on or about February 1, 2013, when the radiation oncology portion of the MOB opens. However, in order to allow for any unforeseen circumstances, the applicants request the new project completion date listed here. It was felt that this would ensure they would meet the completion date and would not have to request another permit renewal.

Thank you for your consideration of this matter.

Sincerely,



Cherilyn G. Murer, JD, CRA ¹⁰
President & CEO, Murer Consultants, Inc.

CC:

- Michael Kasper, CEO, DuPage Medical Group
- Dennis Fine, COO, DuPage Medical Group
- Larry J. Goodman, M.D., CEO, Rush University Medical Center
- Anne Murphy, Senior VP of Legal Affairs and General Counsel, Rush University Medical Center
- Clare Ranalli, Partner, Holland & Knight, LLP

Enclosures:

- Status Report
- Confirmation that Projects Costs and Scope Comply Project as Approved by Board
- Confirmation that Financial Resources are Available to Complete the Project
- Application Processing Fee

The other requirements for a permit renewal request delineated under Board rules, specifically a requested completion date and a statement as to the reasons why the project has not been completed are incorporated into this cover letter.

Status Report

DuPage Medical Group, Medical Office Building

(Project 12-051)

This status report for project #12-051, which is provided in accordance with 77 Ill. Adm. Code § 1130.740(d)(2), is being submitted by Murer Consultants on behalf of its client, DuPage Medical Group, Ltd. (DMG) as well as DMG's co-applicant, Rush University Medical Center (RUMC). The report details (1) the percentage of the project that has thus far been completed; (2) the project components that have yet to be completed; and (3) the percentage of funds that have been disbursed.

Percentage of Project Completed

DuPage Medical Group has completed nearly all necessary construction and equipment installation. The first patient is to be treated at the MOB when it opens on December 3, 2012.

The various project components and their completion percentage are listed below:

Project Component	Percentage Completed
Construction and Permitting of MOB	Approximately 95%
Purchase and Installation of Linear Accelerator for Radiation Oncology	Approximately 75%
Opening of RUMC Chemo/Infusion Space	Approximately 85%

Components Yet to be Finished

Currently, the components of the project to be finished include:

- **Construction:** This is nearly finished and will be completed by December 1, 2012.
- **Purchase and Installation of the Linear Accelerator for Radiation Oncology:** This equipment has been purchased and will be installed for treatment of patients by February 1, 2013.
- **Opening of RUMC Chemo/Infusion Space:** This space has been built and furnished, but has not yet been occupied by RUMC. We anticipate RUMC to commence services on January 7, 2013.

To account for any further delays the applicants have requested a new Completion Date of April 30, 2013.

Amount of Funds Expended to Date

As detailed in the table below, nearly all of the funds devoted to this project have been expended to date.

Uses of Funds	Total Use of Funds per Application	Amount Expended to Date
Preplanning Costs	\$20,340.00	\$20,340.00
Site Survey and Soil Investigation	\$60,750.00	\$60,750.00
Site Preparation	\$511,879.00	\$511,879.00
Off Site Work	N/A	N/A
New Construction Contracts	\$27,043,502.00	\$27,000,000.00 (Approx.)
Modernization Contracts	N/A	N/A
Contingencies	\$607,898.00	\$607,898.00
Architectural/Engineering Fees	\$1,868,910.00	\$1,868,910.00
Consulting and Other Fees	\$1,074,345.07	\$1,074,345.07
Movable or Other Equipment (not in construction contracts)	\$2,862,172.00	\$0.00
Bond Issuance Expense (project related)	N/A	N/A
Net Interest Expense During Construction (project related)	\$220,000.00 (Interest Reserve)	\$220,000.00 (Interest Reserve)
Fair Market Value of Leased Space or Equipment	N/A	N/A
Other Costs to Be Capitalized	\$141,005.00	\$141,005.00
Acquisition of Building or Other Property (excluding land)	\$1,800,000.00	\$1,800,000.00
TOTAL USES OF FUNDS	\$36,210,801.07	\$33,000,000.00 (Approx.)

Summary

DMG and RUMC have nearly completed construction of the MOB and the installation of all necessary equipment. Additionally, nearly all of the funds devoted to this project have been expended. The current status of the project is such that the applicants will be able to complete the project in line with the requested completion date.

November 13, 2012

Dale Galassie, Chairman
Illinois Health Facilities and Services Review Board
2nd Floor
525 West Jefferson Street
Springfield, Illinois 62761

Re: Confirmation of Financial Resources for Project # 12-051 for Request to Renew Permit

Dear Chairman Galassie,

Please accept this letter from the owners and authorized representatives of DuPage Medical Group, Ltd., confirming that this project's costs and scope are in compliance with the Board has approved and that this project has the financial resources necessary for successful completion. This confirmation letter is provided along with a request to renew the permit for the project in keeping with 77 Ill. Adm. Code § 1130.740(b) and in keeping with the direction of Board Staff.

Project's Costs and Scope

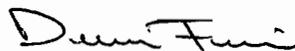
This request for a permit renewal was necessitated by delays in receiving Board approval of the project. However, the project has not been altered in (1) type of facility, (2) location, (3) gross square footage, (4) number or type of surgical specialties, or (5) ownership. We therefore believe that we remain in compliance, from a standpoint of cost and scope, with the Board's original approval.

Sufficiency of Financial Resources

The information as submitted in the original application (approved by the Board on September 11, 2012) relating to (1) Availability of Funds; (2) Financial Viability; and (3) Economic Feasibility is still valid. DuPage Medical Group, which has the sole responsibility for the funding of the project, still has the ability to finance the project with the mixture of cash and debt as outlined in Section VIII of the Application. Furthermore, the viability ratio projections in Section IX remain unchanged. Lastly, the reasonableness and conditions of the necessary debt financing, per Section X, have not changed.

Thank you for your attention in this matter.

Sincerely,



Dennis Fine
Chief Operating Officer
DuPage Medical Group, Ltd.

Du Page Medical Group, Ltd.

1100 W 31st Street

Suite 300

Downers Grove, IL 60515

(630)348-3333

DuPage Medical Group

DATE	11/13/2012	CHECK NUMBER	C174606
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INVOICE NUMBER	INV. DATE	VOUCHER	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT	
111312	11/13/2012	V747590	DUPAGE MEDICAL GROUP	500.00		500.00	
PAY TO CODE	VENDOR ILLDPH15	PAY TO NAME ILLINOIS DEPARTMENT OF PUBLIC HEALTH				NET TOTAL	500.00

DuPage Medical Group

Du Page Medical Group, Ltd.

1100 W 31st Street

Suite 300

Downers Grove, IL 60515

(630)348-3333

Bank of America
Chicago, Illinois 60603

70-2302

DATE	11/13/2012	CHECK NUMBER	C174606
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PAY Five hundred and -00 / 100 Dollars Only *****

TO THE ORDER OF ILLINOIS DEPARTMENT OF PUBLIC HEALTH

AMOUNT	500.00
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[Signature]
[Signature]

12-051 DuPage Medical Group - MOB

From: (815) 727-3355
Virginia Odegaard
MURER CONSULTANTS, INC
58 NORTH CHICAGO STREET
7TH FLOOR
JOLIET, IL 60432

Origin ID: DPAA



J12201209200325

Ship Date: 14NOV12
ActWgt: 0.5 LB
CAD: 5313252/INET3300

Delivery Address Bar Code



Ref # MC 12 006 DMG
Invoice #
PO #
Dept #

SHIP TO: (217) 782-3516

BILL SENDER

Mr. Dale Galassie
IL Health Fac.& Services Review Bd.
525 W JEFFERSON ST FL 2
2ND FLOOR
SPRINGFIELD, IL 62761

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PRIORITY OVERNIGHT

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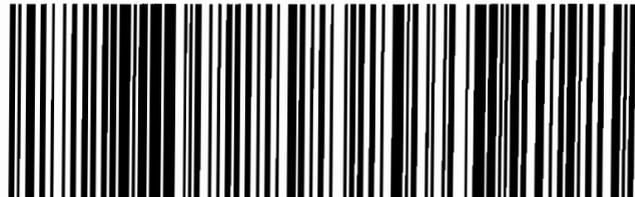
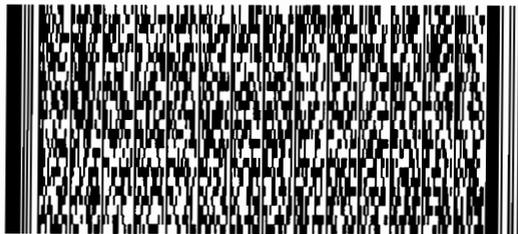
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