

# FOLEY & ASSOCIATES, INC.

Charles H. Foley, MHSA  
cfoley@foleyandassociates.com

John P. Kniery  
jkniery@foleyandassociates.com

## HAND DELIVERED

August 9, 2016

RECEIVED

AUG 09 2016

Ms. Courtney Avery, Administrator  
**Illinois Health Facilities and Services Review Board**  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

**Re: Project No. 13-032, Palos Hills Extended  
Care**

Dear Ms. Avery:

On December 17, 2013 the Health Facilities and Services Review Board approved the above referenced project to construct and modernize and existing 203-bed general nursing care facility. On behalf of the Applicant, please accept this correspondence as our first request for a permit alteration in accordance with the 77 Illinois Administrative Code, Chapter II, Subchapter b, Part 1130.750 Alteration of a Post-Permit Project. Specifically, the Applicant seeks to increase the total project cost to \$18,665,735, an increase of \$1,189,335 or 6.8% from the approved total project cost of \$17,476,400, in order to complete the project. The alteration request is necessary to finish the project. Several items to include change orders and meshing new construction with the existing building have caused the additional cost to the project.

### **Applicable Review Criteria**

#### **1. 1125.120 Availability of Funds**

The method of financing the Project remains a combination of equity and debt. The increased Project Costs are to be financed primarily from the increased borrowing. Fortunately, the funds are available for the increased costs. We have a construction loan with The PrivateBank and Trust Company in excess of the project's mortgage requirements. The loan approval is a higher amount than the project's mortgage amount as the project involves an existing building for which this project is a partial modernization. Therefore, existing building mortgage will be made part of the final financing. Evidence that we do have funds available is included as **EXHIBIT I**.

#### **2. 1120.130 Financial Viability**

The source of financing remains a combination of debt and equity. We have prepared new financial viability ratios for permit alteration which are included as **EXHIBIT II**. These viability ratios show compliance with all ratios on a combined basis. We have included



Ms. Courtney Avery, Administrator  
August 9, 2016  
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updated financial projections for our facility in addition to the changes in cost and borrowing. Even with the increased borrowing the Project would continue to be significantly under the 80% debt to equity ratio. We note that there appears to be no difference in finding from the original State Board Report.

**3. 1120.140(c) Reasonableness of Project Cost**

The change requested in this permit alteration is to increase the amount of debt for the Project. The reasonableness has been addressed in the Application and remains in effect.

**4. 1120.140(e) Total Effect of the Project on Capital Costs**

A revised calculation showing Project Cost per patient day as a result of this permit alteration is attached as **EXHIBIT III**, although there is no review standard.

**Revised Application Pages**

This permit alteration is to authorize additional debit in order to pay additional construction costs to finish out the project. Appended as **EXHIBIT IV**, is the Total Project Cost by line item approved versus Total Project Cost needed to complete the project. The resulting change in construction costs requires a revised Cost/Space Requirements (APPENDIX D) and a revised Cost and Gross Square Feet by Service chart (Section 1125.800 Economic Feasibility (c)). No additional items change as a result of this request.

Appended as **EXHIBIT V** is a check made payable to the Illinois Department of Public Health for the application processing fee of \$1,000 as subject to the requirements of Section 1130.230.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'John P. Kniery', written in a cursive style.

John P. Kniery  
Health Care Consultant

**ENCLOSURES**

C: Natan Weiss

18973871.3  
02-18-15

(2)

CONSTRUCTION LOAN PROMISSORY NOTE

\$20,750,000  
Chicago, Illinois

February 19, 2015

1. AGREEMENT TO PAY. For value received, PM NURSING AND REHABILITATION LLC, an Illinois limited liability company (the "Borrower"), hereby promises to pay to the order of THE PRIVATEBANK AND TRUST COMPANY, an Illinois banking corporation (the "Lender"), the principal sum of \$20,750,000 (the "Loan"), or so much of the Loan as may be advanced under and pursuant to that certain Construction Loan Agreement dated as of even date herewith (the "Loan Agreement"), executed by and between the Borrower and the Lender, on or before February 19, 2019 (the "Maturity Date"), at the time and place and in the manner hereinafter provided, together with interest thereon at the rate or rates described below, and any and all other amounts which may be due and payable hereunder or under any of the "Loan Documents" (as defined in the Loan Agreement) from time to time. All capitalized terms used and not otherwise defined in this Note shall have the same meanings as in the Loan Agreement. Each disbursement on the Loan made by the Lender, and all payments on account of the principal and interest thereof, shall be recorded on the books and records of the Lender and the principal balance as shown on such books and records, or any copy thereof certified by an officer of the Lender, shall be rebuttably presumptive evidence of the principal amount owing hereunder.

2. INTEREST RATE.

2.1 Interest Prior to Default.

(a) Certain Defined Terms. In addition to the terms defined in paragraphs (b) and (c) of this Section and elsewhere in this Note, for purposes of this Note, the following terms shall have and be subject to the following respective meanings and provisions:

"Applicable Margin" means (i) with respect to the LIBOR Rate 5.0%, and (ii) with respect to the Floating Rate, 1.9215%; in each case subject to the following provision: If for each of two consecutive calendar quarters, EBITDAR for Operator calculated as provided in Section 8.20 of the Loan Agreement, has been not less than \$800,000, as set forth in compliance certificates delivered to the Lender under Section 8.9 of the Loan Agreement, each Applicable Margin shall be reduced by 1.0% effective as of the first day after the end of the second of such two consecutive calendar quarters.

"Business Day" means any day other than a Saturday, Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in Chicago, Illinois.

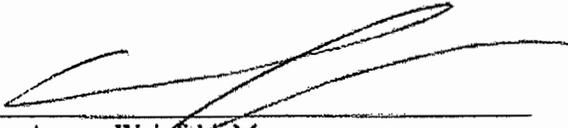
"Floating Rate" means a floating per annum rate of interest equal to the Prime Rate plus the Applicable Margin. Changes in the Floating Rate to be charged hereunder

**IN WITNESS WHEREOF**, the Borrower has executed and delivered this Promissory Note as of the day and year first above written.

**PM NURSING AND REHABILITATION LLC**

By PHHC, LLC, Manager

By \_\_\_\_\_

  
Avrum Weinfeld, Manager

**SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW**

**Criterion 1125.800 Estimated Total Project Cost**

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):

- Availability of Funds – Review Criteria
- Financial Viability – Review Criteria
- Economic Feasibility – Review Criteria, subsection (a)

**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:**

<p><u>\$2,276,400</u></p>	<p>a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>
<p>_____</p>	<p>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.</p>
<p>_____</p>	<p>c. Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
<p>\$15,200,000 + \$1,189,335 <u>\$16,389,335</u></p>	<p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5. For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>

_____	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;
_____	f.	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g.	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<b>\$18,665,735</b>	<b>TOTAL FUNDS AVAILABLE</b>	

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Financial Viability**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

**Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

1. The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

**COMBINED (PM NURSING AND REHABILITATION, LLC AND PALOS HILLS HEALTHCARE, LLC)**

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	STATE STANDARD		2018 AS APPROVED	2018 REVISED 08/04/2016
Current Ratio	1.5 OR MORE		2.2	1.8
Net Margin Percentage	2.5 OR MORE		5.3	5.9
Percent Debt to Total Capitalization	80% OR LESS		34.7	39.6
Projected Debt Service Coverage	1.5 OR MORE		2.6	1.6
Days Cash on Hand	45 DAYS OR MORE		228.3	128.9
Cushion Ratio	3 OR MORE		4.2	2.4

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- The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

**PM NURSING AND REHABILITATION, LLC (OWNER)**

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	STATE STANDARD		2018 AS APPROVED	2018 REVISED 08/04/2016
Current Ratio	1.5 OR MORE		2.7	2.7
Net Margin Percentage	2.5 OR MORE		-5.7	-5.7
Percent Debt to Total Capitalization	80% OR LESS		44.5	49.0
Projected Debt Service Coverage	1.5 OR MORE		1.3	1.3
Days Cash on Hand	45 DAYS OR MORE		-278.1	-278.1
Cushion Ratio	3 OR MORE		1.4	1.4

1. The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

**PALOS HILLS HEALTHCARE, LLC (OPERATOR)**

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	STATE STANDARD		2018 AS APPROVED	2018 REVISED 08/04/2016
Current Ratio	1.5 OR MORE		1.5	2.1
Net Margin Percentage	2.5 OR MORE		7.4	6.1
Percent Debt to Total Capitalization	80% OR LESS		0.0	0.0
Projected Debt Service Coverage	1.5 OR MORE		1.5	1.0
Days Cash on Hand	45 DAYS OR MORE		30.6	121.2
Cushion Ratio	3 OR MORE		0.8	2.1

Palos Hills Extended Care  
Financial Viability Worksheet

COMBINED - PM Nursing and Rehabilitation LLC and Palos Hills Healthcare LLC

	2010 (6 months)	2011	2012	2018 - Revised
<b><u>CURRENT RATIO</u></b>				
1. CURRENT ASSETS	\$ 3,238,795	\$ 4,158,719	\$ 6,217,979	\$ 9,460,600
2. CURRENT LIABILITIES	\$ 2,691,961	\$ 2,850,646	\$ 4,596,988	\$ 4,271,968
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	1.2	1.5	1.4	2.2
<b><u>NET MARGIN PERCENTAGE</u></b>				
4. NET INCOME OR (LOSS)	\$ 161,151	\$ 950,801	\$ 1,216,506	\$ 1,277,576
5. NET OPERATING REVENUE	\$ 3,789,725	\$ 7,868,508	\$ 10,516,242	\$ 24,001,200
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	4.3%	12.1%	11.6%	5.3%
<b><u>LONG-TERM DEBT TO TOTAL CAPITALIZATION RATIO</u></b>				
7. LONG TERM DEBT	\$ 1	\$ 1	\$ 1,770,022	\$ 16,350,001
8. LONG TERM DEBT + NET ASSETS	\$ 3,303,113	\$ 4,376,805	\$ 12,510,655	\$ 41,996,070
9. DEBT CAPITALIZATION RATIO (LINE 7 DIVIDED BY LINE 8)	0.0%	0.0%	14.1%	38.9%
<b><u>PROJECTED DEBT SERVICE COVERAGE</u></b>				
10. NET INCOME(LOSS) + DEPR + INTEREST + AMORTIZATION	\$ 187,489	\$ 1,057,661	\$ 1,584,374	\$ 3,071,589
11. PRINCIPAL + INTEREST	\$ 280,115	\$ 129,093	\$ 688,670	\$ 1,162,373
12. DEBT SERVICE COVERAGE RATIO (LINE 10 DIVIDED BY LINE 11)	0.7	8.2	2.3	2.6
<b><u>DAYS CASH ON HAND</u></b>				
13. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 1,390,036	\$ 528,104	\$ 457,708	\$ 4,920,136
14. OPER EXPENSE LESS DEPR EXP/365	\$ 13,288	\$ 13,910	\$ 15,521	\$ 21,552
15. DAY CASH ON HAND (LINE 13 / LINE 14)	104.6	38.0	29.5	228.3
<b><u>CUSHION RATIO</u></b>				
16. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 1,390,036	\$ 528,104	\$ 457,708	\$ 4,920,136
17. PRINCIPAL + INTEREST EXPENSE	\$ 280,115	\$ 129,093	\$ 688,670	\$ 1,162,373
18. CUSHION (LINE 16 / LINE 17)	5.0	4.1	0.7	4.2

Palos Hills Extended Care  
Financial Viability Worksheet  
OWNER - PM Nursing and Rehabilitation LLC

	2010 (6 months)	2011	2012	2018 - revised
<b><u>CURRENT RATIO</u></b>				
1. CURRENT ASSETS	\$ -	\$ -	\$ 140,242	\$ 2,207,936
2. CURRENT LIABILITIES	\$ -	\$ -	\$ 490,430	\$ 812,468
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	#DIV/0!	#DIV/0!	0.3	2.7
<b><u>NET MARGIN PERCENTAGE</u></b>				
4. NET INCOME OR (LOSS)	\$ -	\$ -	\$ 494,054	\$ (85,263)
5. NET OPERATING REVENUE	\$ -	\$ -	\$ 739,020	\$ 1,500,000
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	#DIV/0!	#DIV/0!	66.9%	-5.7%
<b><u>LONG-TERM DEBT TO TOTAL CAPITALIZATION RATIO</u></b>				
7. LONG TERM DEBT	\$ -	\$ -	\$ 1,770,021	\$ 16,350,000
8. LONG TERM DEBT + NET ASSETS	\$ -	\$ -	\$ 6,197,728	\$ 33,376,033
9. DEBT CAPITALIZATION RATIO (LINE 7 DIVIDED BY LINE 8)	#DIV/0!	#DIV/0!	28.6%	49.0%
<b><u>PROJECTED DEBT SERVICE COVERAGE</u></b>				
10. NET INCOME(LOSS) + DEPR + INTEREST + AMORTIZATION	\$ -	\$ -	\$ 693,035	\$ 1,483,750
11. PRINCIPAL + INTEREST	\$ -	\$ -	\$ 108,364	\$ 1,162,373
12. DEBT SERVICE COVERAGE RATIO (LINE 10 DIVIDED BY LINE 11)	#DIV/0!	#DIV/0!	6.4	1.3
<b><u>DAYS CASH ON HAND</u></b>				
13. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ -	\$ -	\$ (396)	\$ 1,607,936
14. OPER EXPENSE LESS DEPR EXP/365	\$ -	\$ -	\$ 561	\$ (5,782)
15. DAY CASH ON HAND (LINE 13 / LINE 14)	#DIV/0!	#DIV/0!	-0.7	-278.1
<b><u>CUSHION RATIO</u></b>				
16. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ -	\$ -	\$ (396)	\$ 1,607,936
17. PRINCIPAL + INTEREST EXPENSE	\$ -	\$ -	\$ 108,364	\$ 1,162,373
18. CUSHION (LINE 16 / LINE 17)	#DIV/0!	#DIV/0!	0.0	1.4

Palos Hills Extended Care  
Financial Viability Worksheet  
OPERATOR - Palos Hills Healthcare LL

	2010 (6 months)	2011	2012	2018 - revised
<b><u>CURRENT RATIO</u></b>				
1. CURRENT ASSETS	\$ 3,238,795	\$4,158,719	\$6,077,737	\$ 7,252,664
2. CURRENT LIABILITIES	\$ 2,691,961	\$2,850,646	\$4,106,558	\$ 3,459,500
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	1.2	1.5	1.5	2.1
<b><u>NET MARGIN PERCENTAGE</u></b>				
4. NET INCOME OR (LOSS)	\$ 161,151	\$ 950,801	\$ 722,452	\$ 1,362,839
5. NET OPERATING REVENUE	\$ 3,789,725	\$7,868,508	\$9,777,222	\$ 22,501,200
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	4.3%	12.1%	7.4%	6.1%
<b><u>LONG-TERM DEBT TO TOTAL CAPITALIZATION RATIO</u></b>				
7. LONG TERM DEBT	\$ 1	\$ 1	\$ 1	\$ 1
8. LONG TERM DEBT + NET ASSETS	\$ 3,303,113	\$4,376,805	\$6,312,927	\$ 8,620,037
9. DEBT CAPITALIZATION RATIO (LINE 7 DIVIDED BY LINE 8)	0.0%	0.0%	0.0%	0.0%
<b><u>PROJECTED DEBT SERVICE COVERAGE</u></b>				
10. NET INCOME(LOSS) + DEPR + INTEREST + AMORTIZATION	\$ 187,489	\$1,057,661	\$ 891,339	\$ 1,587,839
11. PRINCIPAL + INTEREST	\$ 280,115	\$ 129,093	\$ 580,306	\$ 1,605,000
12. DEBT SERVICE COVERAGE RATIO (LINE 10 DIVIDED BY LINE 11)	0.7	8.2	1.5	1.0
<b><u>DAYS CASH ON HAND</u></b>				
13. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 1,390,036	\$ 528,104	\$ 458,104	\$ 3,312,200
14. OPER EXPENSE LESS DEPR EXP/36:	\$ 13,288	\$ 13,910	\$ 14,961	\$ 27,333
15. DAY CASH ON HAND (LINE 13 / LINE 14)	104.6	38.0	30.6	121.2
<b><u>CUSHION RATIO</u></b>				
16. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 1,390,036	\$ 528,104	\$ 458,104	\$ 3,312,200
17. PRINCIPAL + INTEREST EXPENSE	\$ 280,115	\$ 129,093	\$ 580,306	\$ 1,605,000
18. CUSHION (LINE 16 / LINE 17)	5.0	4.1	0.8	2.1

**SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW** **Continued iii**

**D. Projected Operating Costs**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

**THIS ITEM REMAINS UNCHANGED**

**E. Total Effect of the Project on Capital Costs**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

	2018	
Depreciation, Amortization & Interest Expense	\$1,794,013	
Patient Days	66,686	<b>\$26.90/Patient Day</b>

**ATTACHMENT - 30**

**PROJECT COSTS AND SOURCES OF FUNDS**

<b>Use of Funds</b>	<b>APPROVED</b>	<b>ALTERED PROJECT COST</b>	<b>PERCENT CHANGE</b>
Preplanning Costs	\$ 269,900	\$ 269,900	0.0%
Site Survey and Soil Investigation	\$ 18,000	\$ 10,155	-43.6%
Site Preparation	\$ 520,000	\$ 520,000.00	0.0%
Off Site Work	\$ 30,000		-100.0%
New Construction Contracts	\$ 13,374,957	\$ 14,885,265	11.3%
Modernization Contracts	\$ -	\$ -	
Contingencies	\$ 1,337,496	\$ 1,488,527.00	11.3%
Architectural/Engineering Fees	\$ 863,997	\$ 699,876	-19.0%
Consulting and Other Fees	\$ 411,000	\$ 140,962	-65.7%
Movable or Other Equipment	\$ 651,050	\$ 651,050	0.0%
Bond Issuance Expense	\$ -	\$ -	
Net Interest Expense During Construction	\$ -	\$ -	
Fair Market Value of Leased Space	\$ -	\$ -	
Other Costs to be Capitalized	\$ -	\$ -	
Acquisition of Building or Other Property	\$ -	\$ -	
<b>Total Uses of Funds</b>	<b>\$ 17,476,400</b>	<b>\$ 18,665,735</b>	<b>6.8%</b>
<b>Source of Funds</b>			
Cash and Securities	\$ 2,276,400	\$ 2,276,400	
Pledges		\$ -	
Gifts and Bequests		\$ -	
Bond Issues		\$ -	
Mortgages	\$ 15,200,000	\$ 16,389,335	
Leases		\$ -	
Governmental Appropriations		\$ -	
Grants		\$ -	
Other Funds and Sources		\$ -	
<b>Total Sources of Funds</b>	<b>\$ 17,476,400</b>	<b>\$ 18,665,735</b>	<b>6.8%</b>

**APPENDIX D****Cost/Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. 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.**

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>CLINICAL</b>	-					-	
Nursing	\$6,187,345	16,770	40,457	23,687			
Living/Dining/Activity	\$1,598,622	5,619	11,739	6,120			
Kitchen/Food Service	\$414,022	1,713	3,298	1,585			
P.T./O.T.	\$607,842	728	3,055	2,327			
Laundry	\$577,541	803	3,014	2,211			
Beauty/Barber Shop	\$86,200	98	428	330			
Dialysis	\$0	1,366	1,366	0			
<b>Total Clinical</b>	<b>\$9,471,571</b>	<b>27,097</b>	<b>63,357</b>	<b>36,260</b>			
<b>NON CLINICAL</b>							
Office/Administration	\$520,074	1,610	3,601	1,991			
Employee Lounge/ Locker/Training	\$351,070	270	1,614	1,344			
Mechanical/Electrical	\$427,866	801	2,439	1,638			
Lobby	\$236,136	461	1,365	904			
Storage/Maintenance	\$1,155,605	842	5,266	4,424			
Corridor/Public Toilets	\$3,582,271	6,114	19,828	13,714			
Stair/Elevators	\$763,263		2,922	2,922			
Amenities:	\$204,268		782	782			
Circulation	\$1,953,610	4,097	11,576	7,479			
<b>Total Non-clinical</b>	<b>\$9,194,164</b>	<b>14,195</b>	<b>49,393</b>	<b>35,198</b>			
<b>TOTAL</b>	<b>\$18,665,735</b>	<b>41,292</b>	<b>112,750</b>	<b>71,458</b>			

COST AND GROSS SQUARE FEET BY SERVICE									
Area (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Nursing	\$208.31	0	71,458	0	0	0	\$14,885,265	0	\$14,885,265
Contingency	\$ 20.83	0	71,458	0	0	0	\$ 1,488,527	0	\$ 1,488,527
<b>TOTALS</b>	<b>\$229.14</b>	<b>0</b>	<b>71,458</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$16,373,792</b>		<b>\$16,373,792</b>

\* Include the percentage (%) of space for circulation

**D. Projected Operating Costs**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

**E. Total Effect of the Project on Capital Costs**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

**APPEND DOCUMENTATION AS ATTACHMENT - 30, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**