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HEALTH FACILITIES & SERVICES REVIEW BOARD

August 30, 2016

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Request for Alteration of Permit
Rockford Memorial Hospital-Riverside
Boulevard Campus Medical Clinics Building
Permit 15-040

Dear Ms. Avery:

On November 17, 2015 the Illinois Health Facilities and Services Review Board ("IHFSRB") approved by an 8-0-1 vote the establishment of a medical clinics building ("MCB") adjacent to Rockford Memorial Hospital-Riverside Boulevard Campus ("RMH-Riverside") in Rockford Township. The proposed alteration addressed in this letter and accompanying documents addresses the provision of two ultrasound units, adds square footage to three non-reviewable areas, and increases the project's cost. The requested ultrasound units will improve patient access to this largely-outpatient diagnostic modality; and the changes to square footage are a result of the post-CON approval planning process.

The proposed alteration is consistent with the limitations placed on alterations in Section 1130.750, and, to the best of our knowledge, consistent will all applicable review criteria

Enclosed are revised versions of the following Sections and Attachments:

- Section I, Project Costs and Sources of Funds

- Section VIII, Availability of Funds
- ATTACHMENT 9, Cost Space Requirements
- ATTACHMENT 14, Size of Project (ultrasound)
- ATTACHMENT 15, Project Services Utilization (ultrasound)
- ATTACHMENT 34, Non-Categories of Service (ultrasound)
- ATTACHMENT 39, Reasonableness of Project and Related Costs

Should any additional information be required, or should you have any questions relating to this alteration request, please contact Jack Axel at 847/776-7101 or jacobmaxel@msn.com.

Sincerely,

Jayon R. Bea
President and Chief Executive Officer

enclosures

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	TOTAL
Project Cost:			
Preplanning Costs	$ 30,000	$ 245,000	$ 275,000
Site Survey and Soil Investigation	10,000	20,000	30,000
Site Preparation	80,000	705,000	785,000
Off Site Work	2,863,456	22,476,860	25,340,316
New Construction Contracts	1,984,193	17,257,545	19,241,738
Modernization Contracts			
Contingencies	99,210	828,774	927,984
Architectural/Engineering Fees	165,000	1,025,600	1,190,600
Consulting and Other Fees	442,395	3,487,005	3,929,400
Movable and Other Equipment (not in construction contracts)	2,447,711	9,219,642	11,163,553
Bond Issuance Expense (project related)	69,084	600,861	669,945
Net Interest Expense During Construction Period	924,953	8,044,792	8,969,745
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	**$ 9,116,002**	**$ 63,911,079**	**$ 73,027,081**
Sources of Funds:			
Cash and Securities	$ 1,950,000	$ 13,050,000	$ 15,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$ 7,166,002	$ 50,861,079	$ 58,027,081
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 9,116,002**	**$ 63,911,079**	**$ 73,027,081**

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:**

_$15,000,000_	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 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;
_____	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.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_$58,027,081_	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: 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.
_____	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.
$73,027,081	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SIZE OF PROJECT

The medical clinics building project, as proposed through this alteration request, will have only one area with an IHFSRB-adopted space standard, ultrasound. Two ultrasound units will be located in the medical clinics building, with 880 dgsf being allocated to the service, consistent with the space standard as identified in the table below.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Ultrasound	880	1,800	-920	YES

ATTACHMENT 14

PROJECT SERVICES UTILIZATION

The proposed alteration involves only one clinical service having an IDPH-adopted utilization. That service is ultrasound, and two units are proposed to be provided.

Dept./ Service	2014 Historical Utilization* (Patient Days) (TREATMENTS)	PROJECTED UTILIZATION* (patient days) YEAR 1	YEAR 2	STATE STANDARD	MET STANDARD?
Ultrasound	10,227	3,000	4,400	3,101	YES

ATTACHMENT 15

CLINICAL AREAS OTHER THAN CATEGORIES OF SERVICE

Rockford Memorial Hospital-Riverside Boulevard Campus Medical Clinics Building will provide only one clinical area that is not identified by IDPH as a category of service, but which has a target utilization level identified in Section 1110, APPENDIX B.

Through the proposed alteration, the Permit holders request approval to locate two ultrasound units in the medical clinics building. (The elimination of one approved ultrasound unit from the hospital project has been requested through a separate alteration request.) Please refer to ATTACHMENT 15, for an identification of proposed utilization.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total
	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Diagnostic Testing	$ 221.16		5,695				$ 1,259,506		$ 1,259,506
Ultrasound	$ 250.00		880				$ 220,000		$ 220,000
Infusion Therapy	$ 221.16		2,282				$ 504,687		$ 504,687
			8,857				$ 1,984,193		$ 1,984,193
contingency	$ 11.20						$ 99,210		$ 99,210
							$ 2,083,403		$ 2,083,403
Non-Reviewable									
Physicians' Offices	$ 225.00		39,405				$ 8,866,125		$ 8,866,125
Staff Areas	$ 190.00		3,115				$ 591,850		$ 591,850
Public Areas& Circulation	$ 216.60		19,423				$ 4,207,022		$ 4,207,022
Conference Center	$ 220.00		2,064				$ 454,080		$ 454,080
Administration	$ 220.00		2,444				$ 537,680		$ 537,680
Medical Staff	$ 220.00		2,366				$ 520,520		$ 520,520
Mechanical	$ 200.00		6,991				$ 1,398,200		$ 1,398,200
			75,808				$ 16,575,477		$ 16,575,477
contingency	$ 10.93						$ 828,774		$ 828,774
							$ 17,404,251		$ 17,404,251
DGSF>>BGSF							$ 682,068		$ 682,068
							$ 18,086,319		$ 18,086,319
PROJECT TOTAL	$ 238.23		84,665				$ 20,169,722		$ 20,169,722