



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

June 17, 2020

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Direct Fax
acooper@polsinelli.com

Via Email

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

**Re: Permit Alteration Request– Ophthalmology Surgery Center of Illinois
(Proj. No. 18-047)**

Dear Ms. Avery:

Pursuant to Section 1130.750 of the Illinois Health Facilities and Services Review Board (“HFSRB”) rules, I am writing on behalf of Ophthalmology Surgery Center of Illinois, LLC (the “Permit Holder”) to request an alteration to the above referenced project.

As you are aware, on April 30, 2019, the HFSRB approved the Permit Holder’s Certificate of Need permit application to establish a limited specialty ambulatory surgical treatment center located at 1300 Arlington Heights Road, Itasca, Illinois (the “Project”). Due to unforeseen issues with the space, the construction costs are exceeding the amount contractors estimated.

More specific to the issues resulting in this request, caused, in connection with lease negotiations, the property owner represented the space was plumbed. When the Permit Holder began detailed work on the design plan for the space, it discovered there was no plumbing. As a result, the Permit Holder needed to not only plumb the space for the ambulatory surgery center, but connect its plumbing line to the main line located in an adjacent tenant space. In addition to installing plumbing in its suite, the Permit Holder had to repair those areas in the adjacent tenant space where the plumbing line was connected to main line.

The HFSRB’s rules allow for certain alterations to a project for which a permit has been issued. As set forth in 77 Ill. Admin. Code §1130.750, an increase up to 7% of the total approved

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project cost is an allowable alteration that requires HFSRB approval. For your review, I have attached the following documents:

- Project Costs and Sources of Funds
- Attachment – 7 (Itemized Project Costs and Sources of Funds)
- Attachment – 9 (Cost Space Requirements)
- Availability of Funds

By this letter, the Permit Holders request the Board approve this alteration.

Sincerely,

A handwritten signature in black ink that reads "Anne M. Cooper".

Anne M. Cooper

Attachments

cc: Dr. Kevin Kovach

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 be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation	\$18,672	\$10,328	\$29,000
Off Site Work			
New Construction Contracts			
Modernization Contracts	\$1,171,506	\$686,454	\$1,857,960
Contingencies	\$69,725	\$38,570	\$108,295
Architectural/Engineering Fees	\$127,184	\$59,291	\$186,475
Consulting and Other Fees	\$120,481	\$44,519	\$165,000
Movable or Other Equipment (not in construction contracts)	\$845,000	\$285,000	\$1,130,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$390,569	\$216,049	\$606,618
Other Costs To Be Capitalized	\$85,000	\$85,000	\$170,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$2,828,137	\$1,425,211	\$4,253,348
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,471,797	\$674,933	\$2,146,730
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	\$965,771	\$534,229	\$1,500,000
Leases (fair market value)	\$390,569	\$216,049	\$606,618
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$2,828,137	\$1,425,211	\$4,253,348

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Cost Space Requirements

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ASTC	\$2,828,137	3,809			3,809		
Total Clinical	\$2,828,137	3,809			3,809		
NON CLINICAL							
Administrative	\$1,425,211	2,107			2,107		
Total Non-clinical	\$1,425,211	2,107			2,107		
TOTAL	\$4,253,348	5,916			5,916		

VI. 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]:

	<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"> 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;
<p><u>\$2,146,730</u></p>	
<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><u>\$1,500,000</u> (Line of Credit)</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"> 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.
<p><u>\$606,618</u> (FMV of Lease)</p>	
<p>_____</p>	<p>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</p>

<p>_____</p> <p>_____</p>	<p>resolution or other action of the governmental unit attesting to this intent;</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
<p>\$4,253,348</p>	<p>TOTAL FUNDS AVAILABLE</p>