

*Southwestern Medical Center, LLC d/b/a Magna Surgical Center
9831 South Western Avenue
Chicago, Illinois 60643
773.445.9696*

RECEIVED

January 15, 2010

JAN 19 2010

VIA FEDERAL EXPRESS

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Request for Alteration of Permit – Southwestern Medical Center (Proj. No. 07-090)

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 Southwestern Medical Center, LLC d/b/a Southwestern Medical Center and SW Equity Holdings, Inc. (the “Permit Holders”) to request an alteration of Project Permit No. 07-090. As you are aware, on October 22, 2007, the Illinois Health Facilities Planning Board unanimously approved the Permit Holders’ application to discontinue its existing multi-specialty ambulatory surgical treatment center (“ASTC”) located at 9831 South Western Avenue, Chicago, Illinois 60643 (the “Existing Facility”) and establish a multi-specialty ASTC with three operating rooms and eleven recovery stations to be located at 7456 South State Road, Bedford Park, Illinois 60638 (the “Replacement Facility”). As stated in the application, the Existing Facility is located in the basement of a medical office building, which impedes the Permit Holders’ ability to stay current with industry standards and comply with Illinois Department of Public Health (“IDPH”) licensure requirements. Since the filing of the application, the situation at the Existing Facility continues to be problematic. The Permit Holders have been diligently working with IDPH’s design standards unit to maintain compliance with the licensure requirements at the Existing Facility until the move to the Replacement Facility can be achieved. In order to expedite relocation to the Replacement Facility, the Permit Holders have elected to reduce the square footage of the Replacement Facility from 14,298 gross square feet to 11,100 gross square feet. The revised project cost will be \$ 6,981,958. Modification of the existing floor plan will expedite execution of the relocation plans. Therefore, we respectfully request the HFSRB grant our request to alter the permit for Project No. 07-090.

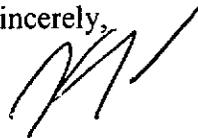
For your review, I have attached the following information:

1. Modified floor plan; and
2. Revised Project Cost and Sources of Funds schedule.
3. Cost Space Requirements (Attachment 8); and
4. Itemization of Project Costs (Attachment 76).

Please note that the Application Processing Fee in the amount of \$1000 made payable to the Illinois Department of Public Health was delivered under separate cover at 10:29 am this morning as confirmed by Federal Express.

If you have any questions or need any additional information regarding the project or this alteration request, please feel free to contact me at 312-405-2714 or our legal counsel, Kara Friedman at 312-873-3639. Our email addresses are kbozorgi@magnasys.com and kfriedman@polsinelli.com, respectively.

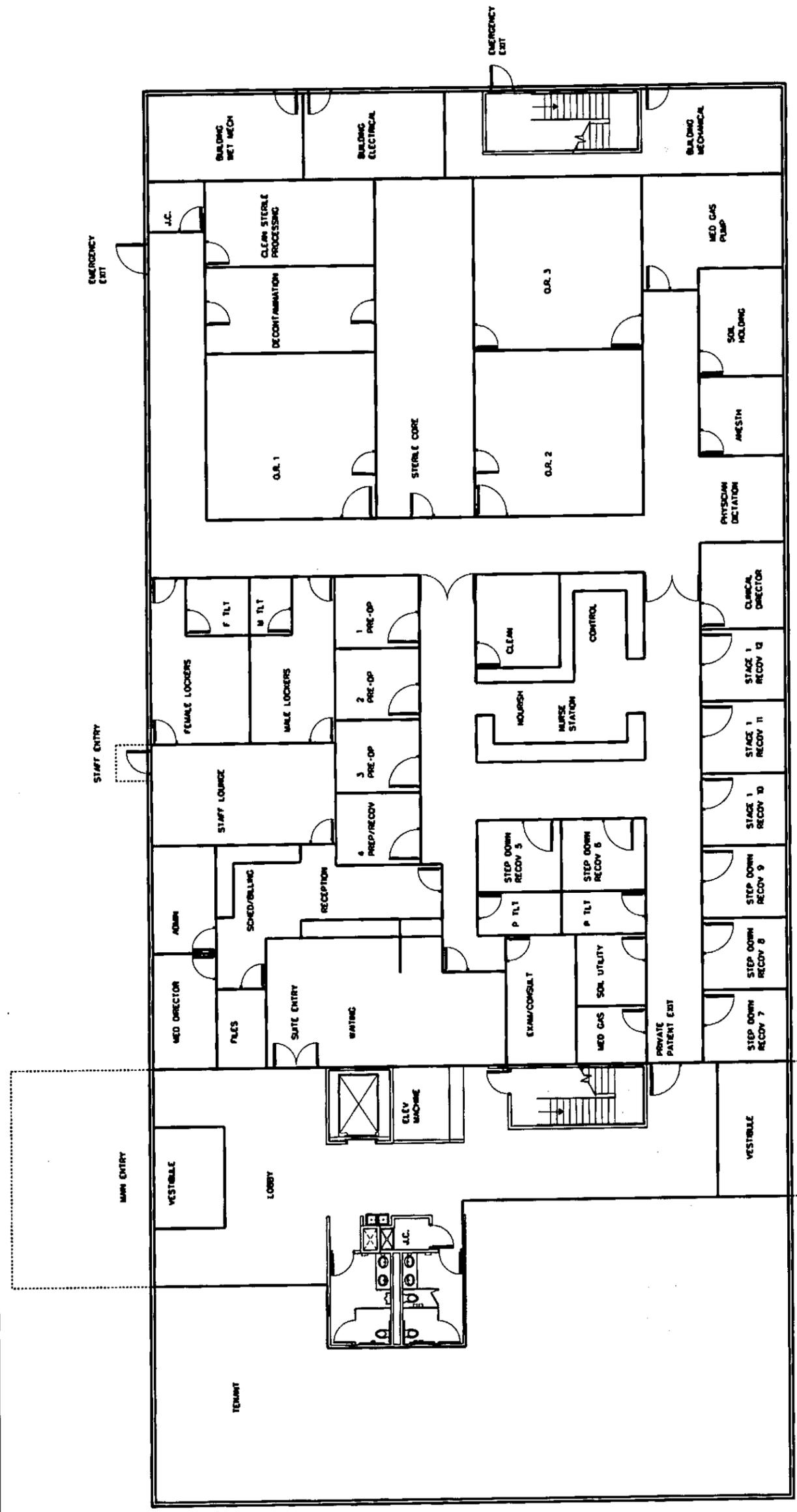
Sincerely,



Kenny Bozorgi, M.D., CASC

Enc.

cc: Michael Constantino



SURGERY CENTER GROSS USEABLE SQUARE FOOTAGE - 11,100 SQFT
FIRST FLOOR GROSS SQUARE FOOTAGE - 17,500 SQFT
BUILDING GROSS SQUARE FOOTAGE - 35,000 SQFT

1 FIRST FLOOR PLAN

*SCALE 1/16" = 1'-0"

SOUTHWESTERN MEDICAL CENTER
MAGNA HEALTH SYSTEMS
BEDFORD PARK, IL

REVISED
PLAN

JANUARY 15, 2010

THIS DOCUMENT IS THE PROPERTY OF THE PROTEUS GROUP. IT IS TO BE USED FOR THE SPECIFIC PROJECT AND NOT BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM. WITHOUT THE WRITTEN PERMISSION OF THE PROTEUS GROUP, NO PART OF THIS DOCUMENT MAY BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM. ALL RIGHTS RESERVED.

Revised Project Costs and Sources of Funds

PROJECT COSTS AND SOURCES OF FUNDS		
USE OF FUNDS		
Preplanning Costs		
Site Survey and Soil Investigation		
Site Preparation		
Off Site Work		
New Construction Contracts		
Modernization Contracts		
Contingencies		
Architectural/Engineering Fees		
Consulting and Other Fees		
Movable or Other Equipment (not in construction contracts)	\$1,100,000	
Bond Issuance Expense (project related)		
Net Interest Expense During Construction (project related)		
Fair Market Value of Leased Space or Equipment	\$5,680,780	
Other Costs To Be Capitalized*	\$201,178	
Acquisition of Building or Other Property (excluding land)		
TOTAL USES OF FUNDS	\$6,981,958	
SOURCE OF FUNDS		TOTAL
Cash and Securities		
Pledges		
Gifts and Bequests		
Bond Issues (project related)		
Mortgages (Bank Loan)		\$1,100,000
Leases (fair market value)		\$5,680,780
Governmental Appropriations		
Grants		
Other Funds and Sources (Book Value of Existing Equipment)		\$201,178
TOTAL SOURCES OF FUNDS		\$6,981,958
*Book Value of Existing Equipment		

Revised Cost/Space Requirements Chart
(Attachment 8)

Q. Cost/Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
ASTC			8222				
Circulation			2878				
TOTAL	\$6,981,958		11,100				

Itemization of Project Costs

(Attachment 76)

The fair market value of leased space figure is the sum of the following costs: :

Preplanning	\$72,000
Site Survey	\$14,400
Site prep	\$453,650
TI	\$2,053,500
Core&Shell	\$1,687,200
Contingencies	\$458,165
Arch Fees	\$329,865
Consulting Fees	\$144,000
Interest Expense	\$468,000