

**Constantino, Mike**

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**From:** John Kniery [JKniery@foleyandassociates.com]  
**Sent:** Tuesday, June 07, 2011 2:30 PM  
**To:** Constantino, Mike; 'foley.associates@sbcglobal.net'; Gruber, Rich; Colby, Dan; Grikis, Linas  
**Cc:** Brett Turner  
**Subject:** RE: Reply to Draft SAR 10-089  
**Attachments:** project cost and sources of funds revised 6.7.11.pdf

Mike: I trust that this is what you are looking for. Please advise if there is anything else that I can provide. Thanks again for your continued efforts on this project.

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**From:** Constantino, Mike [mailto:Mike.Constantino@Illinois.gov]  
**Sent:** Tuesday, June 07, 2011 2:01 PM  
**To:** John Kniery; 'foley.associates@sbcglobal.net'; Gruber, Rich; Colby, Dan; Grikis, Linas  
**Cc:** Brett Turner  
**Subject:** RE: Reply to Draft SAR

John I need a project and sources of funds schedule from the application for permit. Could you email me that? thanks

Mike Constantino  
 Illinois Department of Public Health  
 525 West Jefferson  
 Springfield, Illinois 62761  
 Fax:(217) 785-4111  
 Phone:(217) 785-1557

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**From:** John Kniery [mailto:JKniery@foleyandassociates.com]  
**Sent:** Tuesday, June 07, 2011 12:14 PM  
**To:** Constantino, Mike; 'foley.associates@sbcglobal.net'; Gruber, Rich; Colby, Dan; Grikis, Linas  
**Cc:** Brett Turner  
**Subject:** Reply to Draft SAR

Mike there are only two comments of substance that our office, on behalf of the Applicant, would propose for the State Agency Report. The first is in accordance with our discussions on your request for us to look at the clinical costs. There is an apparent disconnect on the project cost as previously submitted. Simply put, those costs were broken down as clinical being the total of the Hospital and the non-clinical as being the total of the physician's clinic. You had appropriately requested the Applicant to break out from under the hospital square footage the clinical and non-clinical square footage, however, that did not get done with the project costs. The attached charts provide the corrected information and a rationale in how the calculation was made. As a Result of the appropriate break out of square footage between clinical and non-clinical, the construction and contingency cost equates to \$374.26 per gross square foot.

The second comment pertains to the comment under Viii. Section 1110.230 (C) Alternatives (4) Project of lesser scope and cost on the top of page 15. This item stated that: "this alternative was rejected because a hospital of this size would not address the needs of market area". From the Applicant's perspective, this alternative was rejected directly as a result of the 100 bed minimum size for the establishment of new hospitals in a Metropolitan Statistical Area (MSA) as alluded to on page 114 of the original submitted CON Application. This remains a viable alternative but it then causes other criterion to be negative.

Thank you for your time and consideration on this project, it is greatly appreciated. Should you have any questions or concerns, do not hesitate to contact me.

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**From:** Constantino, Mike [<mailto:Mike.Constantino@Illinois.gov>]  
**Sent:** Monday, June 06, 2011 1:58 PM  
**To:** John Kniery; 'foley.associates@sbcglobal.net'  
**Subject:**

Here is the SAR for Mercy. I need you take a look at the clinical costs for project they exceed our standard by \$166 GSF. Is this correct? If you see anything else let me know. thanks

Mike Constantino  
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525 West Jefferson  
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Phone:(217) 785-1557

**Project Costs and Sources of Funds****REVISED JUNE 7, 2011**

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 equal.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs			
Site Survey and Soil Investigation	22,950	22,050	45,000
Site Preparation	2,193,000	2,107,000	4,300,000
Off Site Work	153,000	147,000	300,000
New Construction Contracts	62,134,783	59,698,125	121,832,908
Modernization Contracts			
Contingencies	5,252,489	5,046,509	10,298,998
Architectural/Engineering Fees	4,660,109	4,477,359	9,137,468
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)	18,640,435	17,909,437	36,549,872
Bond Issuance Expense (project related)	5,610,000	5,390,000	11,000,000
Net Interest Expense During Construction (project related)	494,700	475,300	970,000
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	2,504,195	2,405,992	4,910,187
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>101,665,661</b>	<b>97,678,772</b>	<b>199,344,433</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities			29,344,433
Pledges			
Gifts and Bequests			
Bond Issues (project related)			170,000,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>			<b>199,344,433</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AS ATTACHMENT 7 IN NUMERIC SEQUENTIAL ORDER AT THE END OF THE LAST PAGE OF THE APPLICATION FORM.</b>			