

Exhibit 1

**Approved Use and Source 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 equal.

<b>Project Costs</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	\$18,042	\$1,958	\$20,000
Site Survey and Soil Investigation	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0
Off Site Work	\$0	\$0	\$0
New Construction Contracts	\$0	\$0	\$0
Modernization Contracts	\$15,080,354	\$17,895,517	\$32,975,870
Contingencies	\$2,262,053	\$2,684,327	\$4,946,381
Architectural/Engineering Fees	\$475,607	\$564,393	\$1,040,000
Consulting and Other Fees	\$538,755	\$639,328	\$1,178,083
Movable or Other Equipment (not in construction contracts)	\$2,609,187	\$3,096,263	\$5,705,450
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$0	\$0	\$0
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$166,920	\$198,080	\$365,000
<b>TOTAL USES OF FUNDS</b>	<b>\$21,150,918</b>	<b>\$25,079,866</b>	<b>\$46,230,784</b>

Exhibit 2  
**Proposed Altered Costs**

**Project Costs**

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</b>			
<b>PROPOSED ALTERATION USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	\$15,000	\$1,500	\$16,500
Site Survey and Soil Investigation	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0
Off Site Work	\$0	\$0	\$0
New Construction Contracts	\$0	\$0	\$0
Modernization Contracts	\$19,491,093	\$15,574,641	\$35,064,734
Contingencies	\$782,449	\$625,227	\$1,407,676
Architectural/Engineering Fees	\$1,396,117	\$1,115,588	\$2,511,705
Consulting and Other Fees	\$1,985,054	\$1,586,187	\$3,571,241
Movable or Other Equipment (not in construction contracts)	\$2,512,321	\$2,843,497	\$5,355,817
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$0	\$0	\$0
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$994,979	\$367,609	\$1,362,588
<b>TOTAL USES OF FUNDS</b>	<b>\$27,177,013</b>	<b>\$22,114,248</b>	<b>\$49,291,261</b>

NOTE: The sources of funds remains unchanged.

Exhibit 3

Proposed and Approved Use of Funds and Proposed and Approved GSF and Variances

	Proposed CON Alteration			Permit #12-011			Variance		
	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
<b>GSF</b>	141,248	52,186	193,434	133,813	50,924	184,737	7,435	1,262	8,697
<b>USE OF FUNDS</b>									
Preplanning Costs	\$15,000	\$1,500	\$16,500	\$18,042	\$1,958	\$20,000	(\$3,042)	(\$458)	(\$3,500)
Site Survey and Soil Investigation	-	-	-	-	-	-	-	-	-
Sit Preparation	-	-	-	-	-	-	-	-	-
Off Site Work	-	-	-	-	-	-	-	-	-
New Construction Contracts	-	-	-	-	-	-	-	-	-
Modernization Contracts	19,491,093	15,574,641	35,065,734	15,080,354	17,895,517	32,975,870	4,410,739	(2,320,875)	2,089,864
Contingencies	782,449	625,227	1,407,676	2,262,053	2,684,327	4,946,381	(1,479,604)	(2,059,100)	(3,538,705)
Architectural/Engineering Fees	1,396,117	1,115,588	2,511,705	475,607	564,393	1,040,000	920,510	551,195	1,471,705
Consulting and Other Fees	1,985,054	1,586,187	3,571,241	538,755	639,328	1,178,083	1,446,300	946,859	2,393,158
Movable or Other Equipment (not in construction contracts)	2,512,321	2,843,497	5,355,817	2,609,187	3,096,263	5,705,450	(96,866)	(252,766)	(349,633)
Bond Issuance Expense (project Related)	-	-	-	-	-	-	-	-	-
Net Interest Expense During Construction (project related)	-	-	-	-	-	-	-	-	-
Fair Market Value of Leased Space or Equipment	-	-	-	-	-	-	-	-	-
Other Costs to be Capitalized	994,979	367,609	1,362,588	166,920	198,080	365,000	828,059	169,529	997,588
<b>Total Uses of Funds</b>	<b>\$27,177,013</b>	<b>\$22,114,248</b>	<b>\$49,291,261</b>	<b>\$21,150,918</b>	<b>\$25,079,866</b>	<b>\$46,230,784</b>	<b>\$6,026,095</b>	<b>(\$2,965,618)</b>	<b>\$3,060,478</b>

Exhibit 4

Discussion of Variances  
between Approved and Proposed  
Altered Permit Costs

Preplanning

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$15,000	\$1,500	\$16,500
Permit amount	<u>\$18,042</u>	<u>\$1,958</u>	<u>\$20,000</u>
Variance	(\$3,042)	(\$458)	(\$3,500)

Both clinical and non clinical preplanning costs are slightly lower in the Proposed Altered Permit Amount than in the Permit based on actual costs versus estimates.

Modernization Contracts

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$19,491,093	\$15,574,641	\$35,065,734
Permit amount	<u>15,080,354</u>	<u>17,895,517</u>	<u>32,975,870</u>
Variance	\$4,410,739	(\$2,320,875)	\$2,089,864

The modernization cost increase is mainly related to the increase in the amount of modernized space within the existing Atrium building from 133,813 GSF to 141,248 GSF to accommodate 1 additional procedure room and 20 additional post anesthesia recovery bays (PACUs).

Initial plans included 8 endoscopy procedure rooms and 2 bronchoscopy rooms whereas current plans include 10 endoscopy procedure rooms and 1 bronchoscopy room. At the time of the CON submission, Rush had justified the need for as many as 12 procedure rooms (see page 210 of the CON application) but had conservatively requested only 10 rooms. The current 7 endoscopy rooms are operating at close to capacity per 2014 volume, and there are many circumstances wherein physicians and patients want to have an endoscopic procedure done at Rush, but due to scheduling issues cannot do so. Taking this into account, along with the general increase anticipated in the number of endoscopic procedures being done as the number of people age 50 and older increases, it is determined that an additional endoscopy room will benefit Rush patients and allow for physicians to perform procedures at Rush as the hospital of choice for them.

The number of post anesthesia recovery bays was initially planned to be 15 while the current plans include 35 post anesthesia recovery bays. Given the fact the procedure rooms will be used quite frequently for scheduled outpatient procedures, and the volume of endoscopy procedures done at Rush, it anticipates that the procedure rooms will on many occasions have procedures occurring at the same time in all rooms. As a result and in response to IDPH requirements, Rush requires an additional 20 PACUs, which are to be built to be used as both Phase I and Phase II prep/recovery rooms.

In addition, the changes and delays in construction schedules have caused extensive escalation costs to be added to the modernization costs as well as A&E fees.

### Contingencies

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$782,449	\$625,227	\$1,407,676
Permit amount	2,262,053	2,684,327	4,946,381
Variance	(\$1,479,604)	(\$2,059,100)	(\$3,538,705)

As described in the HFSRB rules, contingencies are “a cost allowable to be used solely for unforeseeable events relating to construction or modernization costs.” The amounts shown as variance above were applied to modernization contracts to cover unforeseen conditions and are now decreased due to the fact the project is over 60% complete.

## Architecture and Engineering Fees

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$ 1,396,117	\$1,115,588	\$2,511,705
Permit amount	475,607	564,393	1,040,000
Variance	\$920,510	\$551,195	\$1,471,705

The State Agency Report for Permit #12-011 stated that the allowable amount for architect and engineering fees for this project was from 5.2 to 7.8 percent of modernization and contingency cost.

The Proposed Altered Permit Amount for clinical architect and engineering fees is less than the allowable amount.

$$\begin{aligned} & \$1,396,117 \text{ Proposed Altered A\&E Fees} \div \$20,273,542 \text{ Proposed Altered} \\ & \text{Modernization and Contingencies Cost} = 6.9 \text{ percent} \end{aligned}$$

6.9 percent is in the range of 5.2 to 7.8 percent of allowable A&E fees

The increase in architectural fees relates mainly to the revisions made to the endoscopy scope and added PACU bays. Due to the need for additional PACUs and an additional procedure room, the endoscopy project had to be redesigned.

Also, schedule delays have caused additional architectural and engineering fees due to extended time spent on the project.

Consulting and Other Fees

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$ 1,985,054	\$1,586,187	\$3,571,241
Permit amount	538,755	639,328	1,178,083
Variance	\$1,446,300	\$946,859	\$2,393,158

The State Agency has no guideline for consulting and other fees.

The increase in consulting and other fees relates mostly to project management fees. Due to the complexity of the phasing of the projects and the risks involved with construction taking place in close vicinity of live patient areas, extensive planning was required to mitigate risks and ensure safety. This is achieved by much more involvement of the project management team throughout the projects. Rush has also contracted additional outside consultants to manage the extensive technology upgrades, as well as an additional safety consultant to ensure further patient safety during construction. The delay in construction schedules has also caused all consultants involved in the construction phases to incur more costs due to extended involvement in the projects.

Moveable and Other Equipment Not in the Construction Contract

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$ 2,512,321	\$2,843,497	\$5,355,817
Permit amount	<u>2,609,187</u>	<u>3,096,263</u>	<u>5,705,450</u>
Variance	(\$96,866)	(\$252,766)	(\$349,633)

The State Agency has no guideline for moveable and other equipment not in the construction cost.

The Proposed Altered Amount for clinical moveable and other equipment is slightly lower than the original permit amount. Rush is able to reuse some of the clinical and non-clinical equipment that was initially planned to be purchased new, resulting in savings to be used in other areas of the project.

Other Costs to be Capitalized

	<u>Clinical</u>	<u>Non Clinical</u>	<u>Total</u>
Proposed altered amount	\$ 994,979	\$367,609	\$1,362,588
Permit amount	<u>166,920</u>	<u>198,080</u>	<u>365,000</u>
Variance	\$828,059	\$169,529	\$997,588

There is no State Agency guideline for Other Costs to be Capitalized.

The majority of the increase in Other Costs To Be Capitalized is due to abatement costs that have exceed initially estimated amounts. Permit and IDPH application fees for resubmissions are also being incurred due to delays in construction, initially not included in the project budget.

Exhibit 5  
Sources of Funds

Estimated Total Project Cost			
	Proposed Altered Amounts	Permit #12-011	Difference
Cash and Securities	\$49,291,261	\$46,230,784	\$3,060,477
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
<b>Total</b>	<b>\$49,291,261</b>	<b>\$46,230,784</b>	<b>\$3,060,477</b>

The approved Sources of Funds has not changed from Cash and Securities. The only difference is the increase in the proposed altered amount, which will be funded by Cash and Securities.

Exhibit 6

RUMC's Current Audited Financial Statement

A copy of RUMC's most current audited financial statement was included in the Atrium Modernization Application, Project #12-011, filed in the 2012 calendar year.

Cover Page Only

Complete Report was included in the Atrium Modernization Application

# Rush University Medical Center and Subsidiaries

Component Financial Statements as of and for the Years Ended  
June 30, 2014 and 2013, and Supplemental Information for the  
year ended June 30, 2014, and Independent Auditors' Report



Exhibit 7

I.Q. Cost/Space Requirements (Continued)

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total GSF That Is:			
		Existing	Proposed	New Const.	Remodeled	As Is	Vacated Space
<u>Clinical</u>							
1 Medical Surgical Beds	\$ 7,433,733	194,822	199,842	-	69,792	130,050	-
2 Pediatric Beds	\$ 2,362,249	11,160	11,520	-	11,520	-	-
3 Obstetrics Beds/ Rooming In	\$ 5,063,440	13,525	19,131	-	19,131	-	-
4 Newborn Nursery	\$ 436,665	1,152	1,174	-	1,174	-	-
5 Surgical Operating Rooms (Class C)	\$ 1,285,657	83,600	79,399	-	6,924	72,475	-
6 Surgical Procedure Rooms (Class B) (Endoscopy Suite)	\$ 3,439,405	7,879	10,538	-	10,538	-	-
7 Post Anesthesia Recovery Phase I (PACU)	\$ 2,671,693	16,000	19,348	-	8,298	11,050	-
8 Post Anesthesia Recovery Phase II (Prep/Recovery)	\$ 4,294,322	40,365	46,545	-	12,982	33,563	-
9 Antepartum testing (including procedure room)	\$ 189,849	415	889	-	889	-	-
Hybrid OR	\$ -	1,312	1,312	-	-	1,312	-
<b>SUBTOTAL CLINICAL</b>	<b>\$ 27,177,013</b>	<b>370,230</b>	<b>389,698</b>	<b>-</b>	<b>141,248</b>	<b>248,450</b>	<b>-</b>
<u>Non-Clinical</u>							
12 Mechanical Infrastructure	\$ 19,662,453	33,704	33,978	-	33,978	-	-
10 Public/Family Spaces (including OB family rooms)	\$ 1,855,531	2,683	10,416	-	10,416	-	-
11 General	\$ 596,263	10,705	34,906	-	7,792	27,114	-
Vacant	\$ -	70,860	19,183	-	-	-	19,183
<b>SUBTOTAL NON-CLINICAL</b>	<b>\$ 22,114,248</b>	<b>117,952</b>	<b>98,483</b>	<b>-</b>	<b>52,186</b>	<b>27,114</b>	<b>19,183</b>
<b>TOTAL PROJECT</b>	<b>\$ 49,291,261</b>	<b>488,181</b>	<b>488,181</b>	<b>-</b>	<b>193,434</b>	<b>275,564</b>	<b>19,183</b>