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March 11, 2016

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HEALTH FACILITIES & SERVICES REVIEW BOARD

VIA U.S. MAIL

Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761
Attention: George Roate

Re: Supplemental Information for Schaumburg Surgery Center CON (Project 16-007)

Dear Mr. Roate:

I have enclosed the supplemental information that you have requested for the certificate of need ("CON") permit application submitted by Schaumburg Surgery Center, LLC ("Applicant"). Specifically, I am providing replacement pages reflecting a lower project cost totaling $2,452,060. Specifically, please find replacement pages for pages 4, 5, 7, 16, 77, and 79 of the Applicant's CON permit application.

Please let me know if you need any additional information from the Applicant or have any further questions. Thank you very much.

Sincerely,

Joseph Hylak-Reinholtz
Counsel for Applicant

Enclosures

ATTACHMENT A

Project Cost Replacement Pages

(see attached)

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Schaumburg Surgery Center, LLC (the "Applicant") proposes the establishment of a multi-specialty ambulatory surgical treatment center ("ASTC") with two operating rooms (the "Project"). The proposed ASTC will be located at 929 West Higgins Road, Schaumburg, Illinois 60195. The Project's site is located within Health Service Area 7 and Hospital Planning Area A-07.

The ASTC will be located within an existing medical office building, in leased space. The landlord and the Applicant are not affiliated entities. The Project will only involve the modernization of existing space; thus, no new construction will be required. The size of the ASTC will total 5,025 departmental gross square feet.

Three categories of service will be provided—orthopedics, podiatry, and pain management.

The ASTC will be wholly owned by qualified physician investors; therefore, no hospital or surgery center management company will be involved in this Project.

The total cost of the project is $2,452,060. Of this amount, $540,459 represents the fair market value of the lease agreement that will be in place between the Applicant and site owner. The remainder of the project cost will be funded by cash obtained through equity financing (i.e., equity contributions), which will be achieved by the Applicant selling membership units in its limited liability company to qualified physician investors.

The Applicant is proposing the establishment of a new health care facility; therefore, this is a substantive project.

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 equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$18,814	$6,186	$25,000
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	$678,731	$223,145	$901,876
Contingencies	$83,782	$27,545	$111,327
Architectural/Engineering Fees	$67,873	$22,315	$90,188
Consulting and Other Fees	$62,622	$20,588	$83,210
Movable or Other Equipment (not in construction contracts)	$500,000	$200,000	$700,000
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	$406,737	$133,722	$540,459
Other Costs To Be Capitalized	$0	$0	$0
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	**$1,818,560**	**$633,500**	**$2,452,060**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$1,411,823	$499,778	$1,911,601
Pledges	$0	$0	$0
Gifts and Bequests	$0	$0	$0
Bond Issues (project related)	$0	$0	$0
Mortgages	$0	$0	$0
Leases (fair market value)	$406,737	$133,722	$540,459
Governmental Appropriations	$0	$0	$0
Grants	$0	$0	$0
Other Funds and Sources	$0	$0	$0
TOTAL SOURCES OF FUNDS	**$1,818,560**	**$633,500**	**$2,452,060**

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

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Non-Hospital Based ASTC	$1,818,560		3,782		3,782		
NON REVIEWABLE							
Non-Clinical	$633,500		1,243		1,243		
Total Non-clinical							
TOTAL	**$2,452,060**		**5,025**		**5,025**		

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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:**

$1,911,601	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;
$540,459 FMV of Lease	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.
$2,452,060	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ATTACHMENT 7

Project Costs and Sources of Funds

PROJECT COSTS AND SOURCES OF FUNDS			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$18,814	$6,186	$25,000
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	$678,731	$223,145	$901,876
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SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$1,411,823	$499,778	$1,911,601
Pledges	$0	$0	$0
Gifts and Bequests	$0	$0	$0
Bond Issues (project related)	$0	$0	$0
Mortgages	$0	$0	$0
Leases (fair market value)	$406,737	$133,722	$540,459
Governmental Appropriations	$0	$0	$0
Grants	$0	$0	$0
Other Funds and Sources	$0	$0	$0
TOTAL SOURCES OF FUNDS	**$1,818,560**	**$633,500**	**$2,452,060**

ATTACHMENT 9

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**
Reviewable							
Surgery and Recovery	$1,818,560		3,782		3,782		
Total Clinical	*$1,818,560*		*3,782*		*3,782*		
Non Reviewable							
Administrative, Waiting Room(s), Reception Area, Medical Record Storage, Other	$633,500		1,243		1,243		
Total Nonclinical	*$633,500*		*1,243*		*1,243*		
TOTAL	**$2,452,060**		**5,025**		**5,025**		