

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

November 19, 2012

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Michael Constantino
c/o Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

**RE: PROJECT 11-107
MEMORIAL HOSPITAL-EAST
SHILOH, ILLINOIS**

Dear Mike:


Please accept this letter in response to your recent email, requesting additional information in support of the alteration request/extension of the obligation period for the above referenced project.

Enclosed please find the two completed tables that you included in your email, as well as a letter from Mark Turner, Memorial Hospital's President, certifying that the funding for the project remains available.

The programmatic and architectural planning for this project have proceeded at an appropriate pace since the project's IHFSRB's approval, including meetings with the IDPH's Design Standards Unit, and the review of preliminary plans. On November 9, 2012 a design package was submitted to the Design Standards Unit for their review, and as of the writing of this letter, the Permit holders and their architects are awaiting a response.

Please don't hesitate to contact me, should any additional information be required.

Sincerely,



Jacob M. Axel
President

enclosures

c R. Holmes
J. Lanius

Departments		Altered	Proposed	Altered
Reviewable	Cost	Cost	Total GSF	GSF
Med/Surg/Peds	\$29,458,026	\$30,930,927	46,116	42,992
ICU	\$3,321,625	\$3,487,706	4,014	4,091
OB/Gyn	\$3,796,143	\$8,436,341	5,174	
C-Section Suite	\$1,542,183	\$1,619,292	1,808	18,102 (1)
Level I Nursery	\$1,898,071	\$1,992,975	2,560	
LDRP	\$4,238,467	\$0	7,488	0
Observ./Holding	\$1,898,071	\$1,992,975	2,704	2,355
ED	\$5,456,955	\$5,729,803	7,096	6,831
Cath	\$4,270,660	\$4,484,193	5,010	
Non-Invas. Cardiol.	\$1,542,183	\$1,619,292	2,328	8,436 (2)
Resp Ther/Pul Fx	\$711,777	\$747,366	1,008	
Surgery/Recovery	\$11,761,017	\$12,349,068	16,328	
GI Lab	\$3,321,625	\$3,487,706	4,293	20,826 (3)
Lab	\$1,660,812	\$1,743,853	2,205	2,161
Imaging/Radiology	\$6,609,157	\$6,939,615	8,315	8,423
Pharmacy	\$830,406	\$871,926	1,204	1,205
PT/OT	\$474,518	\$498,244	749	624
Total	\$82,791,696	\$ 86,931,280	118,400	116,046
Non-Reviewable				
Admin	\$930,406	\$976,926	1,505	
Physicians' Offices	\$9,846,245	\$10,338,557	14,985	10,617
Nursing Admin	\$118,629	\$124,560	252	2,446 (4)
Human Resources	\$118,629	\$124,560	294	
Medical Records	\$1,143,006	0	897	0
Case Mgt/Soc Ser/BO	\$1,116,381	\$2,051,312	889	1,942
Medical Staff	\$355,888	\$373,682	665	727
Education	\$1,030,406	\$1,081,926	1,484	2,156
Central Sterile	\$3,135,330	\$3,292,097	3,272	4,454
Kitch/Food Prep,	\$4,381,199	\$4,600,259	4,836	4,824
IT	\$818,629	\$859,560	252	320
Public/Lobbies/Chapel	\$2,550,322	\$3,115,960	2,130	4,804
Admit/Outpt Reg	\$949,036	\$996,488	1,680	3,020
Materials Mgt.	\$1,449,036	\$1,521,488	1,992	2,053
Mechanicals	\$6,263,808	\$6,491,418	9,800	9,800
Environ'tal Serv.	\$355,888	\$373,682	702	1,038
Plant Operations	\$1,274,924	\$1,307,173	3,000	1,703
	\$35,837,762	\$37,629,651	48,635	49,904
DGSF>>>BGSF			39,583	41,262
TOTAL	\$118,629,458	\$124,560,931	206,618	207,212
(1) combined OB unit/C-Section suite, and LII nursery				
(2) combined cardiac cath, non-invasive cardiology and resp. ther.				
(3) combined surgery, recovery, and GI lab				
(4) combined admin., nursing admin., and human resources				

	Approved Clinical	Altered Clinical	Non-Clinical	Altered Non-Clinical	Total	Revised Total	Difference
Project Costs:							
Preplanning Costs	\$ 1,180,000	\$ 330,300	\$ 435,000	\$ 170,146	\$ 1,615,000	\$ 500,446	\$ (1,114,554)
Site Survey and Soil Investigation	\$ 30,000	\$ 12,100	\$ 20,000	\$ 6,302	\$ 50,000	\$ 18,402	\$ (31,598)
Site Preparation	\$ 2,450,000	\$ 4,796,500	\$ 1,240,000	\$ 2,470,969	\$ 3,690,000	\$ 7,267,469	\$ 3,577,469
Off Site Work	\$ 3,600,000	\$ 982,200	\$ 2,400,000	\$ 505,933	\$ 6,000,000	\$ 1,488,133	\$ (4,511,867)
New Construction Contracts	\$ 46,390,169	\$ 48,180,364	\$ 23,445,185	\$ 24,820,187	\$ 69,835,354	\$ 73,000,551	\$ 3,165,197
Modernization Contracts							
Contingencies	\$ 3,552,000	\$ 2,466,306	\$ 2,205,450	\$ 1,270,522	\$ 5,757,450	\$ 3,736,828	\$ (2,020,622)
Architectural/Engineering Fees	\$ 2,640,000	\$ 3,671,800	\$ 1,184,206		\$ 3,990,000	\$ 4,856,006	\$ 866,006
Consulting and Other Fees	\$ 240,000	\$ 92,000	\$ 160,000	\$ 47,106	\$ 400,000	\$ 139,106	\$ (260,894)
Movable and Other Equipment	\$ 20,023,000	\$ 24,805,416	\$ 3,533,000	\$ 3,533,000	\$ 23,556,000	\$ 28,338,416	\$ 4,782,416
Bond Issuance Expense		\$ 976,800		\$ 503,120	\$ -	\$ 1,479,920	\$ 1,479,920
Net Interest Expense During Construction	\$ 2,656,527	\$ 2,656,527	\$ 1,079,127	\$ 1,079,127	\$ 3,735,654	\$ 3,735,654	\$ -
Other Costs (internal demolition)							
Acquisition of Building or Other Property							
TOTAL COSTS	\$ 82,761,696	\$ 88,970,313	\$ 35,701,968	\$ 34,406,412	\$ 118,629,458	\$ 124,560,931	\$ 5,931,473
Sources of Funds:							
Cash and Securities	\$ 7,000,000	\$ 13,208,617	\$ 2,834,206	\$ 1,538,650	\$ 10,000,000	\$ 15,931,473	\$ 5,931,473
Pledges							
Gifts and Bequests							
Bond Issues		\$ 75,761,696		\$ 32,867,762		\$ 108,629,458	\$ 108,629,458
Mortgages	\$ 75,761,696		\$ 32,867,762		\$ 108,629,458		\$ (108,629,458)
Leases (fair market value)							
Government Appropriations							
Grants							
Other Funds and Sources							
TOTAL FUNDS	\$ 82,761,696	\$ 88,970,313	\$ 35,701,968	\$ 34,406,412	\$ 118,629,458	\$ 124,560,931	\$ 5,931,473

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M MEMORIAL

Dedication. Compassion. Innovation.

MARK J. TURNER, PRESIDENT



November 19, 2012

Mr. Michael Constantino
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, Illinois 62761

RE: Request for Project Alteration and Extension of Obligation Period
Project #11-017
Establishment of Memorial Hospital – East
Shiloh, Illinois

Dear Mr. Constantino:

I hereby certify that the equity component of project 11-107's funding remains available, and that the applicants fully anticipate being able to access the debt component of the funding, as discussed in my November 6, 2012 letter to Mr. Dale Galassie.

Sincerely,

Mark Turner
President