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April 24, 2014

VIA ELECTRONIC MAIL

Michael Constantino
Supervisor, Project Review Section
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Belvidere Dialysis (Proj. No. 13-070)

Dear Mike:

On March 11, 2014, the Illinois Health Facilities and Services Review Board ("Board") approved DaVita's Certificate of Need permit application to establish a 12-station dialysis facility in Belvidere, Illinois. This project will involve a ground-up development on an empty parcel of land by a developer. After further defining the building footprint, completing the design plan and working out the space requirements with the landlord, DaVita has determined that the facility will consist of 6,093 gross square feet rather than the 6,000 gross square feet as originally anticipated.

The Board's rules allow for certain alterations to a project for which a permit has been issued. As set forth in 77 Ill. Admin. Code 1130.750, an increase in the square footage of a proposed facility is an allowable alteration that requires Board approval. The increased square footage and related costs comply with the Board's size standards.

By this letter, the Applicants are requesting that the Board approve this alteration. Enclosed is a \$1,000 check for the fee associated with the alteration. We would appreciate if the Chair could review and approve it with a desk review.

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HEALTH FACILITIES &
SERVICES REVIEW BOARD



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Thank you for your continued assistance and please do not hesitate to contact me if you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Tincknell".

Timothy V. Tincknell

CC: Mary J. Anderson, Divisional Vice President, DaVita HealthCare Partners Inc.
Anne Cooper, Polsinelli

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			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	\$921,400		\$921,400
Modernization Contracts			
Contingencies	\$90,000		\$90,000
Architectural/Engineering Fees	\$75,000		\$75,000
Consulting and Other Fees	\$75,000		\$75,000
Movable or Other Equipment (not in construction contracts)	\$466,405		\$466,405
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$1,166,775		\$1,166,775
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$2,794,580		\$2,794,580
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,627,805		\$1,627,805
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	\$1,166,775		\$1,166,775
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$2,794,580		\$2,794,580
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, 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:**

\$1,627,805	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;
\$1,166,775 (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.
\$2,794,580	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds

Table 1120.110			
Project Cost	Clinical	Non-Clinical	Total
New Construction Contracts	\$921,400		\$921,400
Contingencies	\$90,000		\$90,000
Architectural/Engineering Fees	\$75,000		\$75,000
Consulting and Other Fees	\$75,000		\$75,000
Moveable and Other Equipment			
Communications	\$75,713		\$75,713
Water Treatment	\$111,595		\$111,595
Bio-Medical Equipment	\$8,885		\$8,885
Clinical Equipment	\$199,991		\$199,991
Clinical Furniture/Fixtures	\$15,829		\$15,829
Lounge Furniture/Fixtures	\$2,815		\$2,815
Storage Furniture/Fixtures	\$5,362		\$5,362
Business Office Fixtures	\$13,260		\$13,260
General Furniture/Fixtures	\$21,455		\$21,455
Signage	\$11,500		\$11,500
Total Moveable and Other Equipment	\$466,405		\$466,405
Fair Market Value of Leased Space	\$1,166,775		\$1,166,775
Total Project Costs	\$2,794,580		\$2,794,580

Section I, Identification, General Information, and Certification
Cost Space Requirements

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ESRD	\$2,794,580		6,093	6,093			
Total Clinical	\$2,794,580		6,093	6,093			
NON REVIEWABLE							
Total Non-Reviewable							
TOTAL	\$2,794,580		6,093	6,093			

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(a), Size of the Project

The Applicants propose to establish a 12-station dialysis facility. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 450-650 gross square feet per dialysis station for a total of 5,400 – 7,800 gross square feet for 12 dialysis stations. The total gross square footage of the proposed dialysis facility is 6,093 gross square feet (or 507.75 GSF per station). Accordingly, the proposed Facility meets the State standard.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ESRD	6,093	5,400 – 7,800	N/A	State Standard Met