



Capital Budget and Control

July 5, 2016

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Mike Constantino

Illinois Health Facilities and Services Review Board

525 West Jefferson Street

Springfield, Il. 62761

In Re: Project 14-031 Labor & Delivery Relocation Change in Financing Plan

Dear Mr. Constantino:

This letter is to notify you of a possible change in financing for Project #14-031 Labor and Delivery Relocation. This involves debt financing in the amount of \$281,872 through New Market Tax Credits, a federal program operated by the U.S. Treasury Department. The program allows banks to receive tax credits for investment through loans in economically depressed areas. For the project in question, there would be debt issuance costs of \$86,106 and an amount borrowed of \$281,872. The expected total project cost remains at the original permit amount of \$17,003,653. Current credit ratings for our hospital are AA- by Standard & Poor's ratings Services and Aa3 by Moody's Investors Service. Enclosed are Sources and Uses tables reflecting this expected change and details of the borrowing.

Please let us know if you need further information.

Sincerely,

John R. Beberman

Director, Capital Budget & Control

Project Costs and Sources of Funds

Project Costs and Sources of Funds									
USE OF FUNDS	CURRENT PERMIT AMOUNT			PERMIT ALTERATION REQUEST			NEW TOTAL IF APPROVED		
	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs									
Site Survey and Soil Investigation	11,812	3,188	15,000				11,812	3,188	15,000
Site Preparation	0	1,450,000	1,450,000				0	1,450,000	1,450,000
Off Site Work									
New Construction Contracts	\$7,070,492	\$1,908,508	8,979,000				7,070,492	1,908,508	8,979,000
Modernization Contracts									
Contingencies	689,017	185,983	875,000				623,645	165,249	788,894
Architectural/Engineering Fees	735,017	144,983	880,000				735,017	144,983	880,000
Consulting and Other Fees	200,459	39,541	240,000				200,459	39,541	240,000
Movable or Other Equipment (not in construction contracts)	3,804,959	236,694	4,041,653				3,804,959	236,694	4,041,653
Bond Issuance Expense (project related)	0	0	0	65,372	20,734	86,106	65,372	20,734	86,106
Net Interest Expense During Construction (project related)									
Fair Market Value of Leased Space or Equipment									
Other Costs To Be Capitalized	397,050	125,950	523,000				397,050	125,950	523,000
Acquisition of Building or Other Property (excluding land)									
TOTAL USES OF FUNDS	\$12,908,806	\$4,094,847	\$17,003,653	\$65,372	\$20,734	\$86,106	\$12,908,806	\$4,094,847	\$17,003,653
SOURCES OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$12,908,806	\$4,094,847	\$17,003,653				\$12,694,809	\$4,026,972	\$16,721,781
Pledges									
Gifts and Bequests									
Bond Issues (project related)									
Mortgages									
Leases (fair market value)				213,997	67,875	281,872	213,997	67,875	281,872
Governmental Appropriations									
Grants									
Other Funds and Sources									
TOTAL SOURCES OF FUNDS	\$12,908,806	\$4,094,847	\$17,003,653	\$213,997	\$67,875	\$281,872	\$12,908,806	\$4,094,847	\$17,003,653

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	\$11,812	\$3,188	\$15,000
Site Preparation	0	1,450,000	1,450,000
Off Site Work			
New Construction Contracts	7,070,492	1,908,508	8,979,000
Modernization Contracts			
Contingencies	623,645	165,249	788,894
Architectural/Engineering Fees	735,017	144,983	880,000
Consulting and Other Fees	200,459	39,541	240,000
Movable or Other Equipment (not in construction contracts)	3,804,959	236,694	4,041,653
Bond Issuance Expense (project related)	65,372	20,734	86,106
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	397,050	125,950	523,000
Acquisition of Building or Other Property (excluding land)	\$12,908,806	\$4,094,847	\$17,003,653
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$12,694,809	\$4,026,972	\$16,721,781
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	213,997	67,875	281,872
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$12,908,806	\$4,094,847	\$17,003,653
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 University of Chicago Medical Center
New Market Tax Credits
Federal Estimated Benefits

Allocation and Awarding of Tax Credits

	Federal Fund A	State Fund B	Fund C	Total
Allocation Amount	6,500,000	5,000,000	5,000,000	16,500,000
(1) Tax Credit Rate	39.0%	39.0%	39.0%	
(2) New Market Tax Credit Generated to U.S Bank	\$ 2,535,000	\$ 1,950,000	\$ 1,950,000	\$ 6,435,000
(3) Price US Bank Pays for New Market Tax Credit	\$ 0.84	\$ 0.52	\$ 0.52	
(4) New Market Tax Credit Equity US Bank to UCMC	\$ 2,129,400	\$ 1,014,000	\$ 1,014,000	\$ 4,157,400
(5) UCMC Equity Leveraged Loan	\$ 4,370,600	\$ 3,986,000	\$ 3,986,000	\$ 12,342,600
Total	\$ 6,500,000	\$ 5,000,000	\$ 5,000,000	\$ 16,500,000

UCMC

Loan A UCMC to Affiiate Company	\$ 4,370,600	\$ 3,986,000	\$ 3,986,000	\$ 12,342,600
Loan B	\$ 2,129,400	\$ 1,014,000	\$ 1,014,000	\$ 4,157,400
Less CDE Fee	\$ (325,000)	\$ (150,000)	\$ (150,000)	\$ (625,000)
	\$ 1,804,400	\$ 864,000	\$ 864,000	\$ 3,532,400
(6) Interest Loan A	\$ -	\$ -	\$ -	\$ -
Interest Loan B	\$ (211,680)	\$ (326,872)	\$ (326,872)	\$ (865,424)
Accounting Fees	\$ (35,000)	\$ -	\$ -	\$ (35,000)
Legal Fees	\$ (350,000)	\$ -	\$ -	\$ (350,000)
Consulting Fees	\$ (260,000)	\$ -	\$ -	\$ (260,000)
Exit Fee	\$ -	\$ (432,000)	\$ (432,000)	\$ (864,000)
Put	\$ (1,000)	\$ -	\$ -	\$ (1,000)
	\$ 946,720	\$ 105,128	\$ 105,128	\$ 1,156,976
Forgivable Loan at the End of 7 Years	\$ 1,159,400	\$ 864,000	\$ 864,000	\$ 2,887,400
Capitalized costs:				
CDE Fee	\$ 625,000			
Accounting Fees	\$ 35,000			
Legal Fees	\$ 350,000			
Consulting Fees	\$ 260,000			
Total Fees	\$ 1,270,000			

	<u>Capitalized Costs</u>	<u>Amount Borrowed</u>	<u>Net Benefit UCMC</u>
Share to CCD 3,4 Beds (93.22%) #14-013	\$ 1,183,894	\$ 3,875,528	\$ 1,078,533
Share to Labor & Delivery Relocation (6.78%)	\$ 86,106	\$ 281,872	\$ 78,443
		\$ 4,157,400	\$ 1,156,976