

16-032

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

AUG 03 2016

This Section must be completed for all projects.

ORIGINAL

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Rush Oak Brook Orthopaedic Center		
Street Address:	2011 York Road		
City and Zip Code:	Oak Brook, IL 60521		
County:	DuPage	Health Service Area	VII Health Planning Area: A-05

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Rush Oak Brook Orthopaedic Center, LLC
Address:	2011 York Road Oak Brook, IL 60521
Name of Registered Agent:	Carl Bergetz
Name of Chief Executive Officer:	Dennis Viellieu, Manager
CEO Address:	1611 W. Harrison Street Chicago, IL 60612
Telephone Number:	312/243-4244

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Rush Oak Brook Orthopaedic Center, LLC
Address:	2011 York Road Oak Brook, IL 60521
Name of Registered Agent:	Carl Bergetz
Name of Chief Executive Officer:	Michael J. Dandorph, Manager
CEO Address:	1653 W. Congress Parkway Chicago, IL 60612
Telephone Number:	312/942-5000

Type of Ownership of Applicant/Co-Applicant

- | | |
|---|---|
| <input type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input checked="" type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210, Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

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City and Zip Code:	Oak Brook, IL 60521		
County:	DuPage	Health Service Area	VII Health Planning Area: A-05

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Rush University Medical Center
Address:	1653 W. Congress Parkway Chicago, IL 60612
Name of Registered Agent:	Carl Bergetz
Name of Chief Executive Officer:	Larry J. Goodman, MD
CEO Address:	1653 W. Congress Parkway Chicago, IL 60612
Telephone Number:	312/942-5865

Type of Ownership of Applicant/Co-Applicant

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other

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Primary Contact

[Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210, Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Justin T. Johnson
Title:	Sr. Corporate Counsel/Associate General Counsel
Company Name:	Rush University Medical Center
Address:	1700 West Van Buren Street, Suite 301 Chicago, IL 60612
Telephone Number:	312/942-6886
E-mail Address:	Justin_T_Johnson@rush.edu
Fax Number:	312/942-4233

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Randal Johnson
Title:	CFO
Company Name:	Midwest Orthopaedics at Rush
Address:	One Westchester Corporate Center, Suite 240 Westchester, IL 60154
Telephone Number:	708/236-2632
E-mail Address:	randal.johnson@rushortho.com
Fax Number:	

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Clare Connor Ranalli
Title:	Partner
Company Name:	McDermott Will & Emory
Address:	227 W. Monroe Street, Chicago, IL 60606
Telephone Number:	312/984-3365
E-mail Address:	cranalli@mwe.com
Fax Number:	312/277-2964

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name:	Justin T. Johnson
Title:	Sr. Corporate Counsel/Associate General Counsel
Company Name:	Rush University Medical Center
Address:	1700 West Van Buren Street, Suite 301 Chicago, IL 60612
Telephone Number:	312/942-6886
E-mail Address:	Justin_T_Johnson@rush.edu
Fax Number:	312/942-4233

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Rush Oak Brook Orthopaedic Center, LLC
Address of Site Owner:	c/o Justin T. Johnson 1653 W. Congress Parkway, Chicago, IL 60612
Street Address or Legal Description of Site:	2011 York Road Oak Brook, IL 60521
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:		Rush Oak Brook Orthopaedic Center, LLC	
Address:		c/o Justin T. Johnson 1653 W. Congress Parkway, Chicago, IL 60612	
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
X	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
<input type="checkbox"/>		<input type="checkbox"/>	Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT -5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT-6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

☒ Non-substantive

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.

The Applicants propose to construct a three-story Professional Building ("PB") with an attached 485-space parking deck in Oak Brook, Illinois. The focus of the PB will be on orthopaedic-related services. A separate Certificate of Need application, addressing the establishment of a multi-specialty ambulatory surgical treatment center ("ASTC") proposed to be located in the PB, is being filed concurrent to the filing of this Certificate of Need application. The Applicants anticipate that proceeding with either project is dependent on approval of both projects.

The PB will have three tenants: the ASTC, offices for Midwest Orthopaedics at Rush, LLC ("MOR") and offices for other faculty physicians from Rush University Medical Center ("RUMC"). In addition, the PB will house ancillary services, such as imaging and specimen collection/laboratory, typically located in such buildings. Current plans are to locate the MOR offices, MRI, CT, general X-ray, the specimen collection/lab area and a lobby on the first floor, RUMC physicians' offices on the second floor, and the ASTC on the third floor.

The RUMC-operated components of the PB will be fully integrated into Rush University Medical Center's electronic health record (EHR) system. This integration will foster continuity of care with the services provided at other Rush University Medical Center sites, including the main campus, located in the Illinois Medical District, on the west side of Chicago.

The site, which is currently vacant, will be acquired by a newly-formed entity, Rush Oak Brook Orthopaedic Center, LLC, 50% of which is owned by Rush Oak Brook, LLC, a wholly-owned subsidiary of Rush University Medical Center, and 50% of which is owned by MOR West Suburban RE Ventures, LLC, a wholly-owned subsidiary of Midwest Orthopaedics at Rush, LLC.

This Certificate of Need application, addressing the establishment of a PB, is categorized as "non-substantive", because the application does not address the establishment or discontinuation of any IDPH-designated category of service, and the clinical services to be provided within the PB will be limited to outpatient services.

PROJECT COSTS and SOURCES OF FUNDS

	Clinical/ Reviewable	Non-Clinical/ Non-Reviewable	Total
Project Costs:			
Preplanning Costs	\$ 30,770	\$ 169,230	\$200,000
Site Survey and Soil Investigation	\$ 5,000	\$ 45,000	\$ 50,000
Site Preparation	\$ 80,000	\$ 2,220,000	\$ 2,300,000
Off Site Work			
New Construction Contracts	\$ 2,003,500	\$ 21,864,100	\$ 23,867,600
Modernization Contracts			
Contingencies	\$ 91,500	\$ 1,453,500	\$ 1,545,000
Architectural/Engineering Fees	\$ 199,100	\$ 1,405,900	\$1,605,000
Consulting and Other Fees	\$ 124,761	\$ 5,816,239	\$5,941,000
Movable and Other Equipment	\$ 11,900,000	\$ 755,000	\$ 12,655,000
Bond Issuance Expense			
Net Interest Expense During Construction	\$ 61,425	\$ 2,863,575	\$ 2,925,000
Fair Mkt Value of Leased Space or Equip			
Other Costs to be Capitalized-Parking		\$ 14,252,854	\$ 14,252,854
Acquisition of Building or Other Property			
TOTAL COSTS	\$ 14,496,056	\$ 50,845,398	\$65,341,454
Sources of Funds:			
Cash and Securities	\$ 14,496,056	\$ 5,983,950	\$ 20,480,006
Pledges			
Gifts and Bequests			
Bond Issues			
Mortgages		\$ 44,861,606	\$ 44,861,606
Leases (fair market value)			
Government Appropriations			
Grants			
Other Funds and Sources			
TOTAL FUNDS	\$ 14,496,056	\$ 50,845,556	\$65,341,612

NOTE ON PROJECT COSTS

The Professional Building's construction cost and associated contingency cost includes the entire building's "core and shell" costs, as well as the "build-out" costs of Rush University Medical Center's ("RUMC's) office suite, the RUMC-leased space to be used for CT, MRI and specimen collection/laboratory services, and the building's common areas. The identified equipment costs include only the costs associated with those pieces of equipment to be located in the RUMC office suite, the equipment to be located in the ancillary services areas identified above, and the equipment to be located in the common areas. Midwest Orthopaedics at Rush estimates that it will incur approximately \$2.55M in build-out costs and approximately \$2.8M in equipment-related costs for equipment to be located in its office suite.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Purchase Price:	\$ 3,750,000	
Fair Market Value:	\$	

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

<input type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics	<input type="checkbox"/> Final Working

Anticipated project completion date (refer to Part 1130.140): June 1, 2019

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:

<input checked="" type="checkbox"/> Cancer Registry
<input checked="" type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

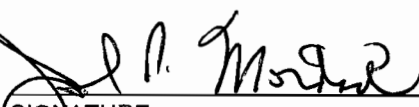
FACILITY NAME: Rush University Medical Center		CITY: Chicago			
REPORTING PERIOD DATES: From: January 1, 2015 to: December 31, 2015					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	342	18,776	89,820	none	342
Obstetrics	34	2,523	8,077	none	34
Pediatrics	18	840	3,630	none	18
Intensive Care	132	6,512	32,922	none	132
Comprehensive Physical Rehabilitation	59	1,047	12,595	none	59
Acute/Chronic Mental Illness	70	1,530	14,338	none	70
Neonatal Intensive Care	72	582	14,769	none	72
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	727	31,810	176,151	none	727

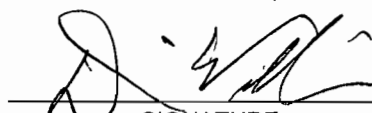
CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Rush Oak Brook Orthopaedic Center, LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.


SIGNATURE
John P. Moradit
PRINTED NAME
MANAGER
PRINTED TITLE

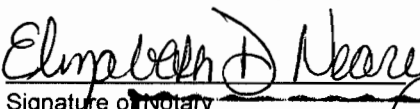
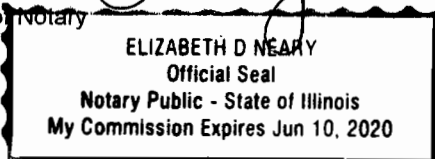

SIGNATURE
Dennis Viellied
PRINTED NAME
CEO/Manager
PRINTED TITLE

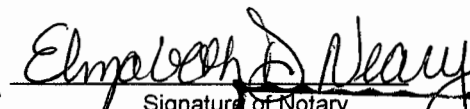
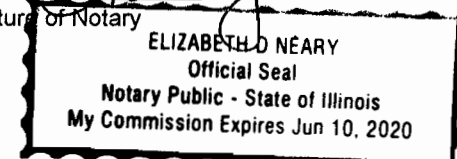
Notarization:

Subscribed and sworn to before me
this 29 day of July, 2016

Notarization:

Subscribed and sworn to before me
this 29 day of July, 2016


Signature of Notary
Seal



Signature of Notary
Seal


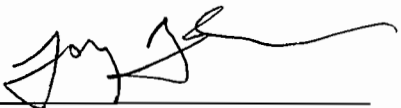
*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

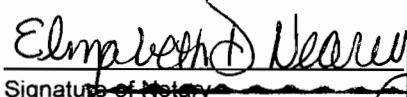
- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Rush University Medical Center * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

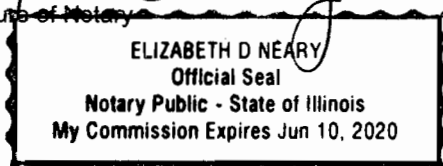

SIGNATURE
LARRY J. GOODMAN, MD
PRINTED NAME
CEO
PRINTED TITLE

Notarization:


Subscribed and sworn to before me
this 29 day of July, 2016


Signature of Notary

Seal



*Insert EXACT legal name of the applicant

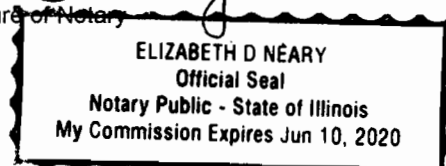

SIGNATURE
MICHAEL J. DANDORFF
PRINTED NAME
COO / EXEC. VICE PRESIDENT
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 29 day of July, 2016


Signature of Notary

Seal



SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

not applicable, no shell space included in project

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

not applicable, no shell space included in project

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility
APPEND DOCUMENTATION AS ATTACHMENT-34, 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:**

_ \$20,480,006 _	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;
_ \$44,861,448 _	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.
\$65,341,454	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

proof of A1 bond rating provided

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT-38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

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

XI. Safety Net Impact Statement

Not Applicable-Non-Substantive Project

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

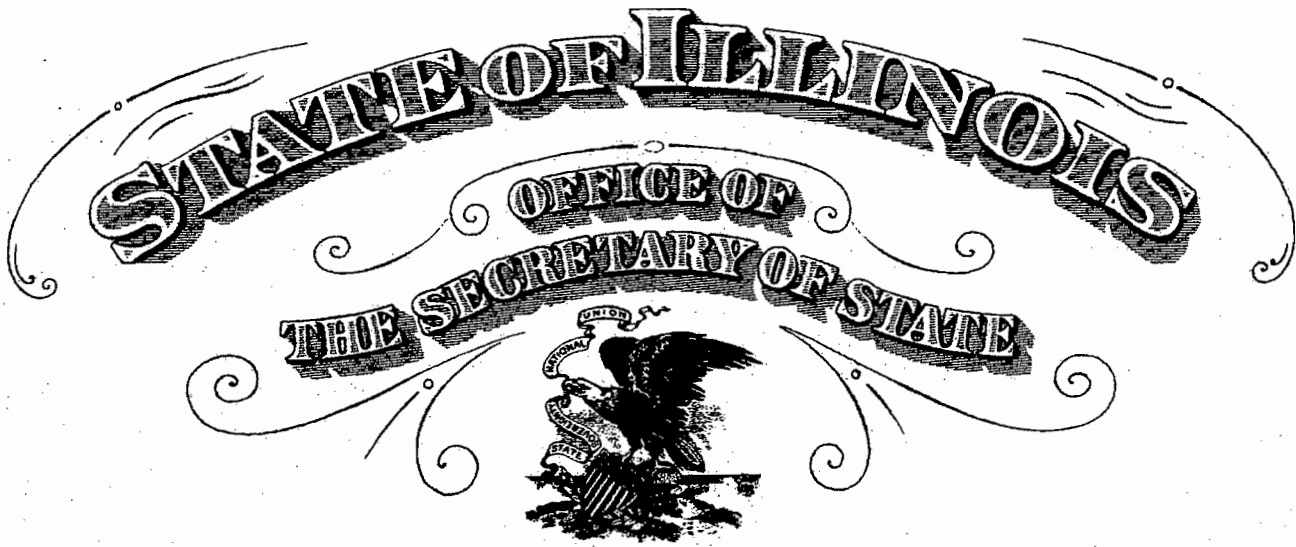
1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	2013	2014	2015
Net Patient Revenue	\$966,970,000	\$1,025,637,800	\$1,081,808,000
Amount of Charity Care (charges)	\$119,657,172	\$138,355,670	\$82,762,401
Cost of Charity Care	\$36,717,088	\$34,763,323	\$20,805,851

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

RUSH OAK BROOK ORTHOPAEDIC CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 13, 2015, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 17TH day of MARCH A.D. 2016 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

RUSH UNIVERSITY MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 21, 1883, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1527301862 verifiable until 09/30/2016
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 30TH
day of SEPTEMBER A.D. 2015 .

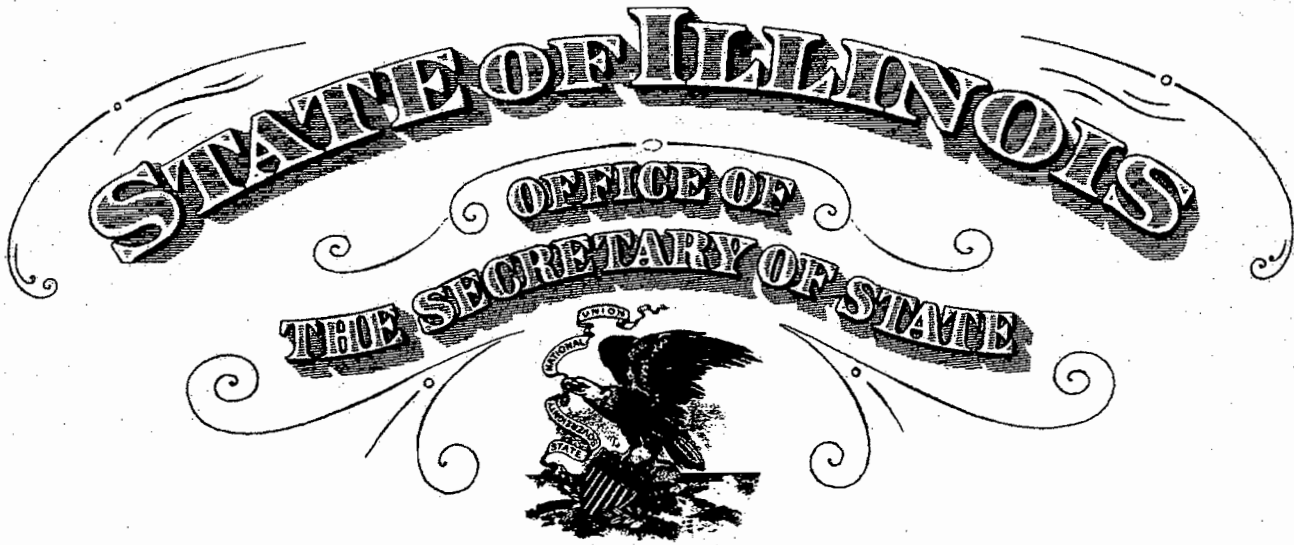
Jesse White

SECRETARY OF STATE

ATTACHMENT 1

SITE CONTROL

The site is being acquired, and a copy of the deed and certification of ownership will be submitted on or before consideration of the project by the HFSRB.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

RUSH OAK BROOK ORTHOPAEDIC CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 13, 2015, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 17TH day of MARCH A.D. 2016 .

Jesse White

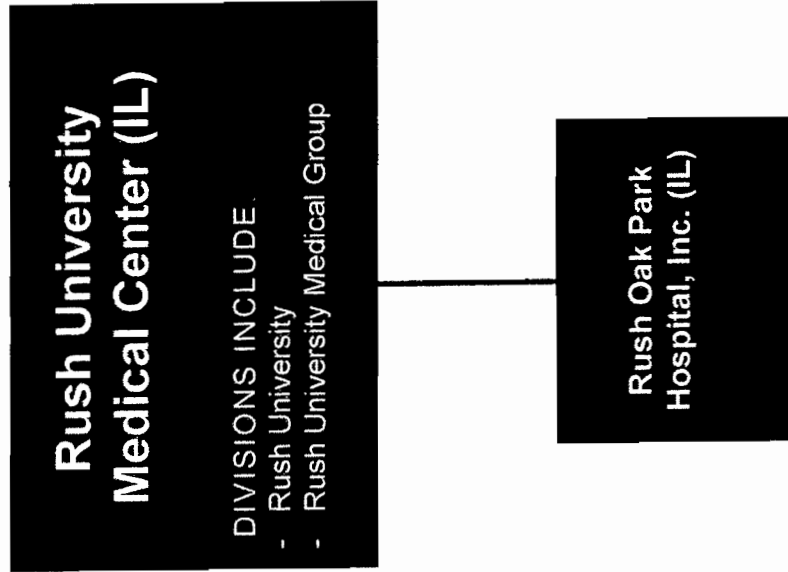
SECRETARY OF STATE

ATTACHMENT 3

OPERATING IDENTITY/LICENSEE

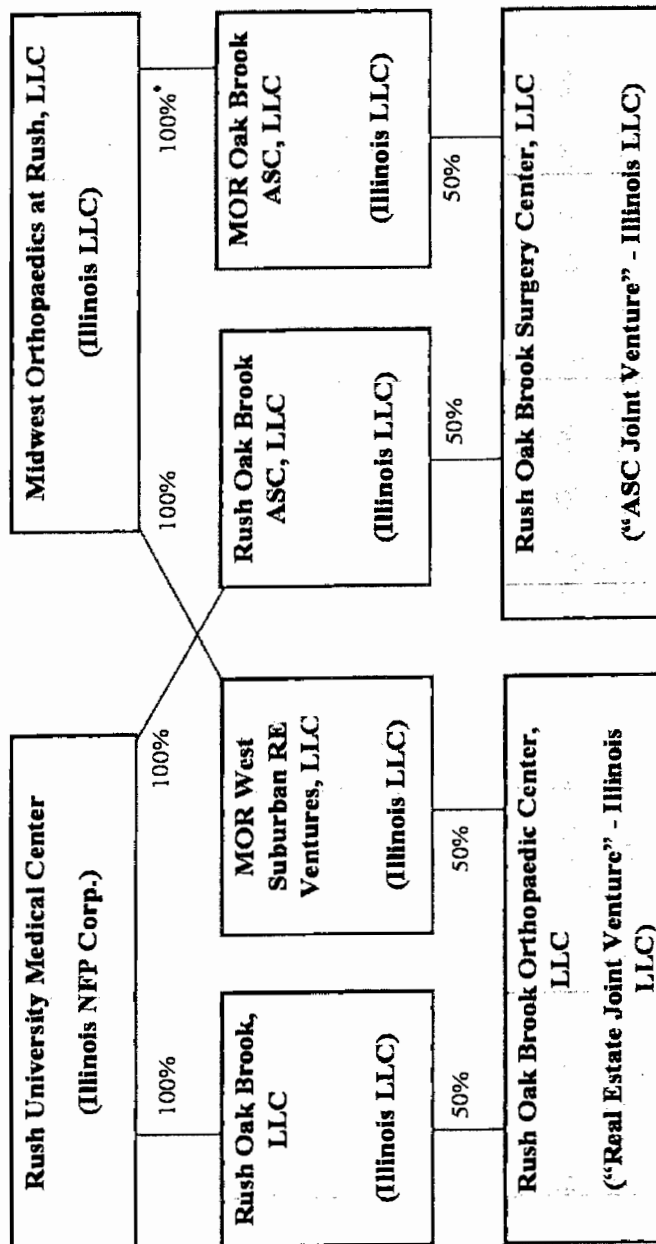
Rush Oak Brook, LLC and MOR West Suburban RE Ventures, LLC will each own a 50% ownership interest in Rush Oak Brook Orthopaedic Center, LLC, which will be the owner of the proposed building.

Corporate Organizational Chart



 = Not-for-profit

Rush Oak Brook Organizational Chart



Real Estate Joint Venture:

- To own and develop Real Property Located at 2011 York Rd., Oak Brook, Illinois.

ASC Joint Venture:

- To lease Real Property from Real Estate Venture, in order to operate an ASC.

Michael E. LaMont
Vice President

Facilities Management
1750 West Harrison Street
Suite 319 Jelke
Chicago, IL 60612

Tel 312.942.6765
Fax 312.942.8335
Mike_LaMont@rush.edu
www.rush.edu

RUSH UNIVERSITY
COLLEGE OF NURSING
RUSH MEDICAL COLLEGE
COLLEGE OF HEALTH SCIENCES
THE GRADUATE COLLEGE




July 7, 2016

Illinois Health Facilities and
Services Review Board
Springfield, Illinois

To Whom It May Concern:

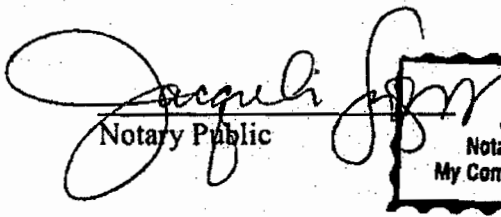
I hereby attest that the proposed site of the Professional Building to be constructed at 2011 York Road in Oak Brook, Illinois, is not located in a flood plain, and that the hospital site is in compliance with the Flood Plain Rule under Illinois Executive Order #2006-5.




Michael E. LaMont
Vice President, Facilities Management
Rush University Medical Center

Subscribed and sworn to before me this

7th day of July, 2016



Notary Public



OFFICIAL SEAL
JACQUELINE BURGESS
Notary Public - State of Illinois
My Commission Expires Feb 16, 2019

Kimley»Horn

June 30, 2016

Michael S. Yoshimura, AIA, LEED AP
Cannon Design
225 N. Michigan Avenue, Suite 1100
Chicago, IL 60601

**Re: FEMA Flood Insurance Rate Map Certification
RUSH Oak Brook Orthopaedic Center**

Dear Mr. Yoshimura:

The RUSH Oak Brook Orthopaedic Center is proposed to be developed at 2011 York Road Oak Brook, IL. The subject property is classified as being in Zone X (unshaded) per FIRM Map 17043C0606H, with an effective date December 16, 2004. Zone X (unshaded) are areas described as being areas outside the special flood hazard area and higher than the 500-yr base flood elevation.

Attached to this letter is an exhibit showing relevant portions of the FIRM panel containing the subject property.

If you have any questions or require any additional information, please contact me at 630-487-5569.

Sincerely,



Drew Walker, PE
Kimley-Horn and Associates, Inc.
Ph: (630) 487-5569
Email: drew.walker@kimley-horn.com



Illinois Historic Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX 217/524-7525

www.illinoishistory.gov

DuPage County
Oak Brook
2011 York Road
IHFSRB
New construction, Medical Clinics Building-Ambulatory Surgical Treatment Center

PLEASE REFER TO: IHPA LOG #016030416

March 30, 2016

Jacob Axel
Axel & Associates, Inc.
175 North Court, Suite 210
Palatine, IL 60067

Dear Mr. Axel:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then our project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Rachel Leibowitz, Ph.D.
Deputy State Historic
Preservation Officer

ATTACHMENT 6

PROJECT COSTS and SOURCES OF FUNDS

PROJECT COSTS

Preplanning Costs

Market Analyses	\$	25,000	
Site Selection	\$	25,000	
Land Acquisition-related	\$	100,000	
Misc./Other	\$	50,000	
			\$ 200,000

Site Survey and Soil Investigation

Site Survey	\$	20,000	
Soil Investigation	\$	30,000	
			\$ 50,000

Site Preparation

Earthwork	\$	1,570,000	
Landscaping	\$	150,000	
Water Retention	\$	250,000	
Roadways and Walkways	\$	200,000	
Exterior Lighting & Signage	\$	80,000	
Misc./Other	\$	50,000	
			\$ 2,300,000

New Construction Contracts

per ATTACHMENT 39C	\$	23,867,600	
			\$ 23,867,600

Contingencies

per ATTACHMENT 39C	\$	1,545,000	
			\$ 1,545,000

Architectural and Engineering Fees

Design	\$	1,450,000	
Document Preparation	\$	20,000	
Interface with Agencies	\$	30,000	
Project Monitoring	\$	55,000	
Misc./Other	\$	50,000	
			\$ 1,605,000

Consulting and Other Fees

CON-related	\$	245,000	
Legal & Accounting	\$	755,000	
Financing-related	\$	434,000	
Fees and Permits	\$	235,000	
Insurance & Taxes	\$	100,000	
Project Management	\$	1,192,000	
Construction Administration	\$	395,000	
Medical Equipment Planning	\$	250,000	
Site Security	\$	50,000	
Acoustics and Vibrations	\$	50,000	
Traffic Engineer	\$	30,000	
IT Interface	\$	180,000	
Internal Auditing/Supervision	\$	90,000	
Fencing/Temp. Lighting	\$	75,000	

PROJECT COSTS and SOURCES OF FUNDS

Landscape Design	\$	50,000	
Public/Community Relations	\$	75,000	
Utilities-Related Consulting	\$	70,000	
Tempoaraty Off-Site Parking	\$	90,000	
Interior Design	\$	80,000	
IT Consulting	\$	200,000	
Misc. Consultants	\$	335,000	
Commissioning	\$	300,000	
Interior Signage	\$	60,000	
Zoning	\$	100,000	
Misc./Other	\$	500,000	
			\$ 5,941,000
Movable Equipment			
Lobbies & Common Areas	\$	755,000	
RUMG Offices			
Imaging-related	\$	810,000	
Other	\$	7,969,000	
CT/MRI-related	\$	2,569,000	
Laborartory	\$	12,000	
Delivery & Installation	\$	540,000	
			\$ 12,655,000
Net Interest Expense During Const.			
Construction Period Interest	\$	2,925,000	
			\$ 2,925,000
Parking			
Construction and associated costs	\$	14,252,854	
			\$ 14,252,854
Total Project Cost			\$ 65,341,454

SOURCES OF FUNDS

Mortgage/Bank Loan	\$	44,861,448
Cash-Rush Oak Brook		
Orthopaedic Center, LLC	\$	4,984,606
Cash-Rush University Medical Center*	\$	15,495,400
Total Sources of Funds	\$	65,341,454

*Build-out of RUMG offices and

RUMC ancillary services \$ 4,187,400

RUMG & RUMC equipment \$ 11,360,000

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Square Feet That is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
MRI	\$ 3,479,053		1,400	1,400			
CT	\$ 3,044,172		1,400	1,400			
General X-ray	\$ 2,061,440		1,000	1,000			
Ultrasound	\$ 1,449,606		800	800			
Mammography	\$ 1,594,566		900	900			
Bone Densitometry	\$ 2,145,416		1,100	1,100			
Lab/Specimen Collection	\$ 724,803		500	500			
Total	\$ 14,496,056		7,100	7,100			
Non-Reviewable							
Rush Univ. Medical Group	\$ 23,721,975		24,700	24,700			
Midwest Ortho. At Rush	\$ 11,569,925		17,000	19,000			
Leased-ASTC	\$ 8,669,080		31,940	31,940			
Lobbies/Public Areas	\$ 2,288,319		3,000	3,000			
DGSF>>>BGSF	\$ 4,596,099		19,260	19,260			
Total	\$ 50,845,398		95,900	97,900			
PROJECT TOTAL	\$ 65,341,454		103,000	105,000			



**Illinois Department of
PUBLIC HEALTH**

HF109518

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	L.D. NUMBER
12/31/2016		0001917
General Hospital		
Effective: 01/01/2016		

Rush University Medical Center
1653 West Congress Parkway
Chicago, IL 60612

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

← **DISPLAY THIS PART IN A
CONSPICUOUS PLACE**

Exp. Date 12/31/2016

Lic Number 0001917

Date Printed 10/28/2015

Rush University Medical Center
1653 West Congress Parkway
Chicago, IL 60612

FEE RECEIPT NO.

ATTACHMENT 11

Rush University Medical Center

Chicago, IL

has been Accredited by

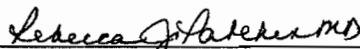


The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the
Hospital Accreditation Program

September 19, 2015


Accreditation is customarily valid for up to 36 months.



Rebecca J. Patchin, MD
Chair, Board of Commissioners

ID #7297

Print/Reprint Date: 11/18/2015



Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.



LICENSED HEALTHCARE FACILITIES CONTROLLED AND/OR OPERATED
BY AN APPLICANT

Rush University Medical Center
1653 West Congress Parkway
Chicago, Illinois
IDPH License #0001917

Rush Oak Park Hospital, Inc.
520 South Maple Avenue
Oak Park, Illinois
IDPH License #00001750

Rush SurgiCenter at the Professional Building
1725 W. Harrison Street
Chicago, Illinois
IDPH License #7001753

Office of Legal Affairs
Rush University Medical Center
Triangle Office Building
1700 W. Van Buren St.
Suite 301
Chicago, IL 60612

Tel: 312.942.6886
Fax: 312.942.4233
Carl_Bergetz@rush.edu
www.rush.edu



Carl Bergetz
Rush University Medical Center
Deputy General Counsel and
Associate Vice President

As Acting General Counsel of Rush University Medical Center, I hereby certify that no adverse action has been taken against it, directly or indirectly, within three (3) years prior to the filing of this Application. For the purpose of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.

I hereby authorize HFSRB and IDPH to access any documentation which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.



Carl Bergetz
Acting General Counsel

Subscribed and sworn to before me this
18th day of May, 2016



Notary Public



ATTACHMENT 11

PURPOSE OF PROJECT

The proposed project is limited to the establishment of a Professional Building ("PB") in Oak Brook, Illinois. The PB will provide office space, when fully occupied for approximately 45 physicians, including an office for Midwest Orthopaedics at Rush, and other faculty members of Rush University Medical Center. The proposed PB will improve accessibility to physicians practicing at Rush University Medical Center, and, through the ASTC proposed to be located in the PB, to outpatient surgery services provided by those physicians, for residents of the western suburbs of Chicago. Similarly, the ancillary services to be provided in the PB, including imaging and lab/specimen collection, will improve the accessibility to those services for patients seeing physicians in the PB. As a result, the health care and well-being of area residents will be improved.

While the physicians to be officed in the proposed PB attract patients from the entire Chicagoland region, as well as nationally and internationally, the vast majority of patients anticipated to be seen in the proposed PB will be residents of western Cook, DuPage, Kane, Kendall and Will Counties.

The goal of the proposed project is to provide contemporary and easily accessible office space for Rush University Medical Center faculty physicians. Upon the opening of the PB, that goal, as it relates to the market area identified above, will be met.

ALTERNATIVES

Due to the limited nature of the proposed project and the Applicants' desire to improve access from the western portions of their market area to their physicians, aside from the selection of an alternative site in the western suburbs, other alternatives were not considered. Had a different site in the area been selected, the capital cost associated with the alternative project would likely be either higher or lower than that of the proposed project, the quality of care provided would be identical to that of the proposed project, and access and associated operating costs would have been similar to those associated with the proposed project.

SIZE

Six imaging modalities, as identified in the table below will be provided. One ultrasound unit, one mammography unit, and one bone densitometry unit will be located within the Rush University Medical Group office suite, and a separate shared area will be developed for a general X-ray unit, an MRI unit and a CT unit. The planned space for each modality, as documented in the table below, is consistent with the HFSRB standard, is necessary, and is not excessive.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Imaging				
MRI	1,400	1,800	-400	YES
CT	1,400	1,800	-400	YES
General X-ray	1,000	1,300	-300	YES
Mammography*	900	900	0	YES
Ultrasound*	800	900	-100	YES
Bone Densitometry*	1,100	1,300	-200	YES
*located within Rush University Medical Group office suite				

UTILIZATION

The proposed Professional Building ("PB") will provide imaging services in a variety of manners. First, imaging services will be provided in the office suite of Midwest Orthopaedics at Rush, LLC ("MOR"). Consistent with past HFSRB practices and MOR's status as a private physician practice, the imaging services provided within MOR's suite are non-reviewable. Second, one ultrasound unit, one mammography unit and one bone densitometry unit will be located within Rush University Medical Center's office suite. Third, a centralized imaging department, operated by Rush University Medical Center or a subsidiary thereof, and providing a CT unit, a MRI unit and a general X-ray unit will be located on the first floor of the PB.

Consistent with past HFSRB practices, utilization standards are not applicable to imaging modalities with only one unit.

The table below presents the projected utilization of each of the imaging modalities, for the first and second years following the PB's opening.

Dept./ Service	Historical Utilization (TREATMENTS)	PROJECTED UTILIZATION (Hours)		STATE STANDARD	MET STANDARD?
		YEAR 1	YEAR 2		
Gen'l Radiology	N/A	1,500	2,250	N/A	N/A
Ultrasound*	N/A	800	1,250	N/A	N/A
Mammography*	N/A	1,200	1,500	N/A	N/A
CT	N/A	550	800	N/A	N/A
MRI	N/A	750	850	N/A	N/A
Bone Densitometry*	N/A	1,250	1,600	N/A	N/A
*located within Rush University Medical Group office suite					

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed Professional Building ("PB") will include two clinical service areas, neither of which are IDPH-designated categories of service. They are: 1) a specimen collection/lab area, and 2) imaging, as discussed in ATTACHMENT 15.

The primary purpose of the clinical services identified above, as is the case with the development of the PB in general, is to provide services to the residents of the communities located within the area identified in ATTACHMENT 12.

The imaging services, will include one room for each of the following imaging modalities: MRI, CT, general X-ray, mammography, ultrasound and bone densitometry. The Mammography, ultrasound and bone densitometry modalities will be located within the Rush University Medical Center ("RUMC") office suite, and the MRI and CT units will occupy a common site.

Service	# Existing Key Rooms	# Proposed Key Rooms
General X-ray	0	1
MRI	0	1
CT	0	1
Mammography	0	1
Ultrasound	0	1
Bone Densitometry	0	1

The specimen collection/lab area and imaging services are being provided in the PB in support of the physicians' offices and as a convenience to the physicians' patients.

The historical ordering of imaging and laboratory procedures by physicians officed at other RUMC sites resulted in the following projected utilization levels (examinations) to be reached in the second year following the Professional Building's opening:

- | | |
|---------------------------|--------------------|
| • ultrasound | 1,250 examinations |
| • mammography | 1,500 examinations |
| • CT | 800 examinations |
| • MRI | 850 examinations |
| • general X-ray | 2,250 examinations |
| • bone densitometry | 1,600 examinations |
| • lab/specimen collection | 51,100 specimens |

While the Applicants do not believe that the proposed clinical services will have a significant impact on other area providers, it is anticipated that the impact that will occur will be realized by RUMC as a result of the physicians officed in the PB being RUMC faculty members, and currently officed on the RUMC campus.



June 17, 2016

RUSH UNIVERSITY MEDICAL CENTER

Attn: Ms. Patricia S. O'Neil
1700 West Van Buren Street
Chicago, IL 60612

MIDWEST ORTHOPAEDICS AT RUSH

Attn: Mr. Randal Johnson
1 Westbrook Corporate Center, Suite 240
Westchester, IL 60154

Dear Ms. O'Neil and Mr. Johnson,

Wintrust Bank ("**Bank**" or "**Lender**") is pleased to provide this financing proposal with respect to the credit facility described below. This Term Sheet is not meant to be binding on the parties now or at any time in the future. No legally binding obligation will be created until a definitive agreement is reached, formal credit approval is received and execution of loan documentation customary for a transaction of this nature is received in a manner and form satisfactory to the Bank and its legal counsel. This Term Sheet is strictly confidential and is not an offer or commitment to partner.

- Borrower:** The Borrower shall be a single-asset, bankruptcy remote special purpose entity to remain under the control of Rush University Medical Center and Midwest Orthopaedics at Rush and its respective affiliates, principals and authorized officers (the "**Borrower**").
- Purpose:** Proceeds from this credit facility (the "**Loan**") shall be utilized to fund the acquisition and vertical development of a ±96,700 square foot medical office building and 485-stall covered parking deck being developed in cooperation and for the exclusive use by Rush University Medical Center and Midwest Orthopaedics at Rush.
- Facility:** The loan is a \$56,200,000 Senior Secured Non-Revolving Credit Facility (the "**Facility**") with a maximum advance not to exceed 85.0% of the Lender approved full cost construction budget and 75.0% of the "As-Complete and As-Stabilized" leased-fee appraised interest in the Collateral Property as hereinafter defined.
- Agent will seek approval to commit \$30,000,000 to the Facility with the balance of the commitment to be provided by other lender(s) acceptable to the Arranger.
- Administrative Agent:** Wintrust Bank ("**Wintrust**" or the "**Agent**").
- Sole Lead Arranger & Bookrunner:** Wintrust Bank ("**Wintrust**" or the "**Arranger**").
- Lenders:** Wintrust Bank, and such other financial institutions (together with Wintrust Bank, the "**Lenders**"), as shall be arranged by the Arranger in consultation with the Borrower and mutually acceptable to the Borrower and to the Agent.

ATTACHMENT 36

Collateral Property: Upon completion, it is generally understood that the collateral will consists of a four (4) story ±96,700 square foot medical office building that will include medical office space, an ambulatory surgery center, rehabilitation and recovery services and various outpatient medical services. The building, together with a 485-stall covered parking structure and all real property improvements located at the street address listed below shall hereinafter be referred to as the ***"Collateral Property"***.

Property Location: 2011 South York Road
Oak Brook, IL

Construction Budget: \$66,700,699.

Required Completion Date: 18-months from Loan Closing

Initial Term: 2 years (24 months)

Extension Option: The Borrower shall have one (1) 5 year (60-month) extension option exercisable at the Borrower's option provided the following conditions and performance hurdles have been achieved:

- 1) 60-days written notice of the Borrower's intent to exercise the Extension Option,
- 2) Independent Inspecting Architect's certificate of substantial completion in accordance with approved plans and specifications and/or Certificate of Occupancy from the Village of Oak Brook, IL
- 3) Satisfactory evidence that each tenant has taken occupancy of its space and begun paying rent pursuant to the terms of its contractual lease agreement.
- 4) Compliance with all covenants, representations and warranties and no Events of Default or Pending Events of Default under the loan documents.
- 5) Payment of a 25 basis point (0.25%) extension fee calculated based on the outstanding loan amount plus any unfunded Facility availability.

Facility Interest Rate: The loan shall bear interest at a variable "tiered" interest rate based on the 30-day LIBOR and subject to the following performance hurdles:

Tier I	Initial Rate at Loan Closing	250 bps over 30-day LIBOR
Tier II	Substantial Completion	225 bps over 30-day LIBOR

Pricing outlined above is applicable provided Borrower remains in compliance with the HVCRE regulatory requirements outlined below.

Interest shall be computed by multiplying the actual number of days elapsed in the period for which interest is being computed by a daily rate based on a year consisting of 360 days (ACT/360).

HVCRE: As ongoing requirement through construction, full compliance with all required thresholds established through Basel II Regulations relative to High Volatility Commercial Real Estate ("HVCRE"). HVCRE regulations require, among other things, that the Borrower contribute upfront a minimum of 15% cash equity based on the property's estimated value at completion as determined by the appraisal required and approved by the Agent prior to the Facility Closing.

Interest Rate Management:	The Borrower shall have the option to hedge its variable interest rate by way of entering into an Interest Rate Protection Agreement (IRPA) with the Agent; however the Borrower is not required to purchase any IRPA from the Agent or Lenders.
Commitment Fee:	0.50% (50 basis points) on the total commitment, payable at closing of the Facility.
Arrangement Fee:	None.
Administration Fee:	\$10,000, payable at closing.
Facility Unused Fee:	None.
Repayment:	Interest on the outstanding principal balance of the Facility is payable monthly in arrears and payable from an Interest Reserve that shall be carved from the Facility and part of the Construction Budget. Per the existing budget, this reserve is \$2,632,500. The unpaid principal balance of the Loan will be due and payable on the Maturity Date of the Initial or Extended Term (if exercised).
Amortization:	The facility shall be interest only during the initial 24-month construction loan term and payable from an interest reserve (sizing yet to be determined) that is carved from loan availability. Amortization shall commence at the beginning of any Extension Option exercised hereunder and calculated utilizing a schedule sufficient to fully amortize the loan over 25-years.
Prepayment Premium:	The loan may be prepaid in whole or in part without fee, penalty or premium provided Lender is given 60-days advance written notice of its intent to do so.
Completion & Non-Recourse Guarantor:	<p>Until the Borrower receives an architect's certificate of substantial completion or Certificate of Occupancy from the Village of Oak Brook, IL for the Collateral Property to be independently confirmed by the Administrative Agent's independent inspecting architect, Rush University Medical Center and Midwest Orthopaedics at Rush shall provide an unlimited joint and several guaranty with respect to completion of construction of the Collateral Property.</p> <p>Recourse shall include a full environmental indemnification and certain non-recourse carve outs including, but not limited to, a) fraud, b) misappropriation of any property funds, c) permitting the property to become encumbered by other liens, d) failure to maintain a single-asset, special purpose entity or e) filing a bankruptcy petition in what is intended to be a bankruptcy "remote" structure.</p>
Principal Repayment Guarantor:	<p>Rush University Medical Center shall provide a limited principal repayment guaranty equal to \$10,000,000. The Bank can be flexible on reducing this guaranty over time based upon benchmarks established to measure stability of this project and the success of the ASC partnership between Rush and MOR.</p> <p>The guaranty will be supported by a note under the Master Trust Indenture and be on parity with all other RUMC debt.</p>

Indemnification:	The Borrower shall indemnify the Administrative Agent, the Lenders and their respective directors, officers, employees and Agents from and against all losses, liabilities, claims, damages or expenses relating to the Facility including without limitation to reasonable attorney's fees and settlement costs, except to the extent that such losses, liabilities, claims damages or expenses are incurred by reason of gross negligence or willful misconduct of the applicable indemnified party.
Amendments & Waivers:	Amendments, consents or waivers to the Loan will require consent of the Required Lenders, except for an amendment, consent or waiver that would (i) extend the maturity date of the Facility; (ii) reduce the amount of any interest, fees, principal or other amounts payable to the Lenders; (iii) reduce or increase the commitment of any Lender; (iv) change the percentage specified for Required Lenders; all of which will require unanimous consent of the Lenders. Administrative matters may be approved by the Agent without requiring the approval of the Required Lenders.
Required Lenders:	At any time, Lenders whose Pro Rata Shares exceed 66.67% as determined pursuant to a percentage of the overall Facility.
Participations & Assignments:	Each Lender may at any time sell assignments in the Loan to eligible financial institutions or commercial banks in minimum amounts of \$10.0 million (or all of the Lender's remaining loans and commitments) subject to the consent of the Administrative Agent and the Borrower unless an Event of Default has occurred. Each lender may sell participations in all or any part of the Loan, provided such participations shall only have voting rights with respect to certain customary or affected Lender consent items.
Governing Law:	State of Illinois
Banking Relationship:	All property-related Escrow, Cash Management, Operating and Security Deposit Accounts will be held with the Administrative Agent for the benefit of the Lenders. Additionally, the ASC tenant will be required to maintain its primary banking with Wintrust.
Representations & Warranties:	Those representations and warranties customarily found in loan agreements of this nature.
Conditions of Loan Opening:	As a condition precedent to opening of the Facility, all documents customary to this type of transaction must be delivered to the Agent in a form, manner and substance satisfactory to the Lenders. Additionally, loan closing will be subject to execution of a definitive executed lease agreement(s) with Rush University Medical Center and Midwest Orthopedics at Rush for no less than 100% of the Collateral Property's rentable square footage and including a minimum, non-cancellable triple-net base lease term of not less than 15-years.

Security:	The Loan shall be evidenced by a promissory note executed by Borrower and secured by, among other things, i) a first mortgage on the Collateral Property; ii) a perfected first priority security interest in any personal property and/or FF&E owned by Borrower that is associated with the Collateral Property iii) a first priority interest in all operating accounts, escrows and reserves; iv) assignment of leases, plans and specifications, deposits, security agreements, and contracts associated with the Collateral Property and v) all other normal and customary loan documents. No other security interests, exclusive of interest rate hedge products, in the Subject Property may be granted without Lender's permission.
Appraisal:	Satisfactory receipt, review and acceptance of an Administrative Agent-ordered third party appraisal report conforming to the advance rates outlined on the first page.
Environmental:	Satisfactory receipt and review of a Phase I Environmental report to be accepted by the Administrative Agent's internal review department at its sole and absolute discretion.
Inspecting Architect:	An independent inspecting architect will be required to perform an initial review of the Borrower's architectural plans and specifications, construction budget, confirm project time-lines and provide inspections and funding recommendation at the time of each construction draw.
Escrow:	A construction escrow account will be established at a title company mutually acceptable to Borrower and Bank. The Borrower will be required to submit to the Bank and title company a Sworn Owner's Statement, Sworn Contractor's Statement, Application for Advance and copies of all lien waivers and endorsements for subcontractor's statements for each draw. Loan draws are to be disbursed through the construction escrow with payments made directly to subcontractors.
General Contractor:	In the event that a GC has not been chosen prior to execution of this Term Sheet, the Agent shall reserve the right to approve the General Contractor in its reasonable discretion.
Costs:	All third-party costs including, but not limited to an appraisal, environmental studies, title insurance, legal, architect inspections and reviews and construction escrow will be paid by the Borrower.
Borrower Reporting Requirements:	<p>a) A third-party Statement of Financial Condition shall be prepared annually in a form or forms reasonably satisfactory to Lender and prepared in accordance with Generally Accepted Accounting Principles (GAAP). Statements shall include true and complete copies of its balance sheet as of the last day of such fiscal year as well as consolidated statements of cash flows detailing actual and budgeted cash flows for such fiscal year.</p> <p>b) Federal Tax Returns shall be delivered annually to Lender and no later than 315-days past the first day in each calendar year.</p> <p>a) The Borrower shall submit to Agent all Leases, Management Agreements and Contracts pertaining to the Collateral Property along with any amendments thereto requiring Agent approval.</p> <p>b) All tenants will be required to execute Subordination, Non-disturbance and Attornment Agreements as well as Tenant Estoppel certificates.</p>

c) Upon completion, an annual operating statement with information sufficient to determine financial condition of the Collateral Property.

d) The Borrower shall provide the items noted above, along with any additional reports as deemed necessary by the Bank to monitor the Borrower's assets, liabilities, and financial performance, on an annual basis.

Guarantor

Reporting Requirements:

i) An annual third-party Statement of Financial Condition shall be prepared annually in a form or forms reasonably satisfactory to Lender and prepared in accordance with Generally Accepted Accounting Principles (GAAP).

ii) The Guarantor(s) shall provide the items noted above, along with any additional reports as deemed reasonably necessary by the Bank to monitor the Guarantor's assets, liabilities, and financial performance, on an annual basis.

Covenants:

1) The Borrower is required to maintain a minimum Debt Service Coverage Ratio of 1.10:1.00 (implied debt service). Debt Service Coverage shall be determined by using the mortgage constant derived by a 25-year amortization schedule and an interest rate equal to the greater of (i) the actual Loan Facility rate or (ii) 5.00%. Covenant compliance testing will begin 12-months from the date of substantial completion and calculated utilizing annualized in-place income from tenant's in-place and paying rent pursuant to their executed leases and actual expenses calculated on a trailing 12-month basis inclusive of a \$0.30/SF capital reserve allowance. Covenant compliance shall exclude capital expenditures.

2) The Borrower is prohibited from making any distributions in the Event of a Default that remains uncured after all notice and cure periods.

3) Any change in the managing control of the Borrower will require Lender approval. As long as a University of Rush Medical Center and Midwest Orthopedics at Rush member or affiliate is the controlling party of the Managing Member, no change of control will be deemed to have occurred.

Loan Opening will be further conditioned upon the following general terms and conditions:

- 1) Satisfactory execution of a definitive lease agreement for 100% of the rentable square footage at a triple-net base lease rate sufficient to meet the loan's DSCR covenant compliance and for a non-cancellable primary base lease term of not less than 15 years. Lease must be in form and content acceptable to the Bank.
- 2) Evidence of compliance with all Federal, State and Local regulations must be provided to the Bank prior to the funding of any loan.
- 3) Receipt of a current ALTA conforming plat of survey, with legal description.
- 4) Receipt of a certified "Sworn Contractors Statement" detailing all applicable developments (soft) costs and itemized construction (hard) costs for the subject development project.
- 5) Appropriate insurance coverage for the project is required, including flood insurance if applicable.
- 6) Borrower will be required to maintain project-related depository accounts, including operating and any escrow accounts, with the Agent Bank for the benefit of a syndicate of financial institutions.
- 7) Satisfactory receipt and review of an Agent-ordered third-party MAI appraisal subject to the review and acceptance of the Bank's internal review department.
- 8) All engineering, soil reports, environmental surveys/reports, permits or related third party due diligence as deemed necessary by the Bank, must be obtained prior to closing / funding.
- 9) CON approval is required prior to closing/funding

Loan Documentation: Prior to funding, Borrower shall have executed and caused to be delivered a promissory note and definitive loan agreement together with such loan documents, including instruments, documents, agreements, security agreements, assignments, mortgages, financing statements, and certificates (the "**Loan Documents**") as the Bank and its legal counsel reasonably request in connection with the credit facility outlined herein. The Loan Documents shall contain such representations, warranties, affirmative, negative and financial covenants, events of default and conditions precedent to advances as are normally contained in documents relating to transactions which are similar to those contemplated hereby, and others determined by the Bank to be appropriate to the circumstances.

Syndication: Wintrust Bank will syndicate a portion of the loan prior to closing. To assist the Agent in its syndication efforts, the Borrower and Guarantor agree to: (1) provide the Agent and any other lender that becomes part of the syndication of lenders upon request with all information regarding Borrower and Guarantor reasonably deemed necessary by the Agent to complete the syndication; (2) assist the Agent upon its reasonable request in the preparation of an offering memorandum to be used in connection with the loan syndication and; (3) otherwise assist the Agent in its syndication efforts, including making available officers and advisors of the Borrower, and their affiliates from time to time attend and make presentations regarding the business and prospects of the Borrower and Project during reasonable business hours.

Good Faith Deposit: Concurrent with the execution of this Term Sheet, the Borrower shall have deposited a fee ("**Good Faith Deposit**") in the amount of \$20,000 made payable to Wintrust Bank ("**Wintrust**"). The Good Faith Deposit will be refundable to the Borrower if Lender elects not to close the loan in absence of material changes in the transaction discovered during

ATTACHMENT 36

Lender's Due Diligence, but only to the extent that the amount of the Good Faith Deposit exceeds any and all costs. Any refund of any portion of the Good Faith Deposit required by the terms of this Term Sheet will be made by Lender within thirty (30) days of receipt by Lender of Applicant's written request for a refund. Should the Borrower elect not to close on the loan for any reason, the Good Faith Deposit shall be non-refundable and will be applied to Due Diligence Expenses and Legal Expenses.

Confidentiality:

This proposal is for your confidential use only and may not be disclosed by you to any person other than your employees, attorneys and financial advisors (but not any commercial bank or finance company), and then only in connection with the proposed credit facility and on a confidential basis, except where disclosure is required by law or where the Bank consents to the proposed disclosure in writing.

We are pleased to provide you with this proposal and are excited by the prospect of building our business relationship. If you have any questions, comments or concerns regarding this Term Sheet, please feel free to contact us. It would always be our pleasure.

Sincerely,

WINTRUST BANK

By: Kerti
Kandace Lenti
Executive Vice President
Wintrust Commercial Banking

By: Nicholas M. Cannon
Nicholas M. Cannon
Senior Vice President
Wintrust Commercial Real Estate

By: Erinn Siegel
Erinn Siegel
Vice President
Wintrust Commercial Banking

ACCEPTED:

RUSH UNIVERSITY MEDICAL CENTER

By: Patricia O'Neil
Its: Treasurer

ACCEPTED:

MIDWEST ORTHOPAEDICS AT RUSH

By: Neil P. J.
Its: CFO

CC: Klaudia Liszka, Wintrust Commercial Banking
Dionne Miller, Wintrust Loan Capital Markets
Kaushik Ponnusamy, Wintrust Loan Capital Markets

MOODY'S

INVESTORS SERVICE

New Issue: Moody's assigns A1 rating to Rush University Medical Center Obligated Group (IL) Series 2015A&B bonds; outlook stable

Global Credit Research - 09 Jan 2015

\$552M rated debt to be outstanding

ILLINOIS FINANCE AUTHORITY
Hospitals & Health Service Providers
IL

Moody's Rating

ISSUE	RATING
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Series 2015A Fixed Rate Revenue Bonds	A1
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Sale Amount	\$410,470,000
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Expected Sale Date	01/14/15
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Rating Description	Revenue: Other
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Series 2015B Fixed Rate Revenue Bonds	A1
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Sale Amount	\$91,440,000
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Expected Sale Date	01/14/15
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Rating Description	Revenue: Other
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Moody's Outlook STA

NEW YORK, January 09, 2015 —Moody's Investors Service has assigned an A1 rating to Rush University Medical Center Obligated Group's, IL (Rush) \$410.5 million of Series 2015A and \$91.4 million of Series 2015B fixed rate revenue bonds. The bonds are to be issued by the Illinois Finance Authority. At this time we have upgraded Rush's existing rated debt to A1 from A2 affecting \$551 million of rated bonds outstanding (see Rated Debt section). The outlook is revised to stable from positive at the higher rating level.

SUMMARY RATING RATIONALE

The upgrade to A1 reflects Rush's track record of double-digit operating cash flow margins in recent years, improved liquidity ratios, and good pro forma debt coverage ratios. The stable outlook at the higher rating level reflects our expectation that Rush will continue to generate favorable operating margins and maintain liquidity strength, as well as our understanding that Rush does not plan to issue material new debt in the near/immediate term. Offsetting these strengths, Rush operates in a very competitive market with multiple prominent academic medical centers (AMC), somewhat challenging payer environment, and challenges presented by the State of Illinois' budget.

STRENGTHS

*Rush is anchored by a sizeable AMC with a broad array of tertiary and quaternary services and ambulatory locations throughout the Chicago area.

*Rush has a track record of profitability with six consecutive years of double digit operating cash flow margins and particularly strong results in FY 2013 and FY 2014.

*Rush is one of the few health systems in the Chicago area whose inpatient volumes are growing. We expect that, given market realities and changing industry dynamics, Rush's rate of inpatient volume growth will slow in the coming years.

*Rush's pro forma adjusted debt ratios are favorable (6.4 times maximum annual debt service (MADS) coverage).

*Rush's liquidity ratios have improved in recent years, as cash on hand measured an adequate 210 days at FYE 2014. Furthermore, Rush holds significant restricted cash, which bolsters the balance sheet.

*Rush's near-term capital spending plans are manageable and we do not anticipate additional leverage added over the near term.

CHALLENGES

*Rush operates in a very competitive healthcare market in the Chicago area, with four competing AMCs and other sizeable health systems.

*Given its academic mission, Medicaid is above average (16.9% of gross revenues in FY 2014, compared to all ratings median of 13.0%), which is of particular concern in Illinois given the state's budget challenges.

*Longer-term, Rush may consider new debt options to support capital spending plans that are being considered over a multiyear period.

DETAILED CREDIT DISCUSSION

USE OF PROCEEDS: Proceeds from the issuance of the Series 2015A&B fixed rate bonds will be used to refund Series 2009A,B,C,&D and Series 2006B fixed rate bonds and pay the costs of issuance. As part of the plan of finance, Rush expects to release the debt service reserve funds (DSRF) currently in place to support the Series 2006B and Series 2009 bonds. The Series 2015 bonds are not expected to be supported by a DSRF.

LEGAL SECURITY: The bonds are expected to be secured by a gross revenue pledge of the Rush Obligated Group, which includes 677 staffed bed Rush University Medical Center (RUMC), 210 staffed bed Rush-Copley Hospital (Rush-Copley), and 128 staffed bed Rush-Oak Park Hospital (Rush-Oak Park). Violating historical debt service coverage rate covenant of 1.1 times requires hiring of consultant in most cases. Additional debt tests include: (1) minimum pro-forma debt service coverage of 1.10 times; or (2) minimum historical debt service coverage of 1.1 times.

INTEREST RATE DERIVATIVES: Rush has two fixed payer swaps, one with Morgan Stanley Capital Services, Inc. and one with Citibank, N.A. with a combined notional amount of \$92.7 million. The swaps expire in November 2035. Under the agreements, Rush pays a fixed interest rate of 3.945% and receives 68% of LIBOR. Based on management data, the total net termination value of the swaps is a negative \$19.2 million to Rush. Rush's collateral posting requirement on the Citi swap is a negative \$12.5 million and negative \$12.5 million on the Morgan Stanley swap; no collateral currently is posted.

MARKET POSITION/COMPETITIVE STRATEGY: INCREASING SHARE OF VERY COMPETITIVE MARKET

Rush operates in a very competitive market, as the Chicago area includes four additional AMCs and multiple sizeable health systems that are embarking on various strategies to gain inpatient and outpatient market share and prepare for new payment methodologies. Competing AMCs include Northwestern Memorial HealthCare (Aa2 stable), University of Chicago Medical Center (Aa3 negative), University of Illinois Health Services Facilities System (A2 Negative), and Loyola University Medical Center (which is owned by Trinity Health Credit Group, Aa2 negative). Other prominent health systems include market share leader Advocate Health Care Network (Aa2 stable), NorthShore University HealthSystem (Aa2 stable), Presence Health (Baa2 stable), and Alexian Brothers Health System (A2 stable and owned by Ascension Health Alliance, Aa2).

Since opening its new patient tower in January 2012, RUMC has gained market share, increasing to 3.2% inpatient share of an eight-county service area (based on management data), making RUMC the third largest hospital in the broad market.

While Rush-Copley and Rush-Oak Park also operate in competitive local service areas, both are the market share leader each respective service area. Rush-Copley's service area centers around Aurora, IL in growing Kendall County. Rush-Oak Park's service area centers on Oak Park, IL, just west of the City of Chicago, directly west of downtown Chicago.

OPERATING PERFORMANCE: STRONG RESULTS IN RECENT YEARS

Favorably, Rush has recorded double-digit operating cash flow margins for six consecutive fiscal years.

Performance was particularly good in FY 2013 and FY 2014 (June 30 year end), when Rush recorded adjusted operating cash flow margins of 12.2% and 12.1%, respectively (adjusted to reclassify the portion of investment income included in operating revenue to non-operating; FY 2013 adjusted to include \$10.6 million of operating expenses for a favorable FICA settlement). The A1 median operating cash flow margin is 10.4%.

Factors contributing to continued strong results in FY 2014 include: inpatient admission growth (up 0.5%; admissions were up 1.9% including observation stays), which is particularly noteworthy in the current environment where volumes at most area hospitals are down; improved labor productivity, due in part to the new RUMC patient tower; a clinical resource management program to reduce variation in clinical practices and improve operational efficiency; and supply cost savings.

Looking forward, management expects Rush's adjusted operating cash flow margin to be sustained in the 11.5% to 12.5% range. While we believe that Rush may be challenged to match the particularly good results achieved in FY 2013 and FY 2014, the stable outlook at the higher rating level reflects our belief that Rush is positioned to maintain an operating cash flow margin at least in-line with A1 medians. In addition to improvement efforts noted above, future results are expected to benefit from pension expense and interest expense savings. Through three months FY 2015, Rush's operating margins were very strong, with an adjusted operating margin of nearly 13%.

BALANCE SHEET: IMPROVED LIQUIDITY, FAVORABLE DEBT RATIOS, AND MANAGEABLE CAPITAL SPENDING PLANS

Rush's liquidity position has improved considerably in recent years. Absolute unrestricted cash and investments increased to \$1.02 billion (210 days cash on hand) at FYE 2014 from \$850 million at FYE 2013 (189 days) (A1 median is 227 days). At FYE 2014, Rush's unrestricted cash and investments were allocated among approximately 68% cash and fixed income securities, 19% equities, and 13% other investments, and 100% of unrestricted cash and investments could be liquidated within one month. Rush's balance sheet is bolstered further by \$515 million of restricted cash and investments as of FYE 2014.

Rush's adjusted pro forma debt coverage ratios are favorable at the A1 rating level. Based on FY 2014 results and including the Series 2015A&B refunding bonds, adjusted debt-to-cash flow measures 2.4 times (A1 median is 3.0 times), MADS coverage measures 6.4 times (A1 median is 5.1 times), debt-to-total operating revenues measures 33% (A1 median is 37%), cash-to-direct debt measures 157% (A1 median is 151%), and monthly liquidity-to-demand debt measures 1,062% (A1 median is 371%). Factoring direct debt, operating leases, and Rush's cash balance defined benefit pension plan, Rush's pro forma cash-to-comprehensive debt measures 120% (A1 median is 124%).

Rush's capital spending plans in the near/immediate term are manageable. Between FY 2015 and FY 2019, Rush has approximately \$670 million of capital plans, translating to an average capital spending ratio of just under 1.1 times (the all ratings median is 1.2 times). Rush does not have new money debt plans over the period, which is a factor in the stable outlook at the A1 rating level. Rush is in the process of updating its long-term master facility plan, however; capital spending plans may increase in the longer-term, which may include new money debt in the out-years.

OUTLOOK

While we do not necessarily expect Rush to match the level of margins recorded in FY 2013 and FY 2014, the stable outlook at the A1 rating level reflects our expectation that Rush will continue to generate favorable operating margins and maintain liquidity strength. Also, the stable outlook incorporates our expectation that Rush does not plan to issue material new debt in the near/immediate term.

WHAT COULD CHANGE THE RATING UP

Further upgrade of the rating may be considered if Rush demonstrates continued notable organic growth while sustaining solidly double-digit operating cash flow margins and improved debt coverage and liquidity ratios.

WHAT COULD CHANGE THE RATING DOWN

A downgrade may be considered if Rush's operating margins deteriorate materially, particularly for a sustained period. Also, a material increase in debt without commensurate increase in cash flow and liquidity could lead to a downgrade.

KEY INDICATORS

Assumptions & Adjustments:

- Based on Rush University Medical Center Obligated Group consolidated financial statements
- First number reflects audited FY 2013 for the year ended June 30, 2013
- Second number reflects pro forma on audited FY 2014 for the year ended June 30, 2014
- Pro forma assumes issuance of Series 2015A&B fixed rate revenue bonds to refund Series 2006B fixed rate bonds and Series 2009A,B,C,&D fixed rate bonds
- FY 2013 adjusted to increase operating expenses by \$10.6 million to account for Rush's favorable FICA settlement
- Investment returns reclassified as non-operating and normalized at 6% unless otherwise noted
- Comprehensive debt includes direct debt, operating leases, and pension obligation, if applicable
- Monthly liquidity to demand debt ratio is not included if demand debt is de minimis
- *Inpatient admissions: 49,539; 49,804
- *Observation stays: 12,808; 13,716
- *Medicare % of gross revenues: 34.6%; 34.6%
- *Medicaid % of gross revenues: 16.9%; 16.9%
- *Total operating revenues (\$): \$1.82 billion; \$1.96 billion
- *Revenue growth rate (%) (3 yr CAGR): 4.0%; 5.6%
- *Operating margin (%): 2.6%; 4.4%
- *Operating cash flow margin (%): 12.2%; 12.1%
- *Debt to cash flow (x): 2.77 times; 2.38 times
- *Days cash on hand: 189 days; 211 days
- *Maximum annual debt service (MADS) (\$): \$56.9 million; \$47.4 million
- *MADS coverage with reported investment income (x): 4.51 times; 5.53 times
- *Moody's-adjusted MADS Coverage with normalized investment income (x): 4.95 times; 6.38 times
- *Direct debt (\$): \$663 million; \$647 million
- *Cash to direct debt (%): 128%; 157%
- *Comprehensive debt: \$884 million; \$849 million
- *Cash to comprehensive debt (%): 96%; 120%

RATED DEBT

Issued through Illinois Finance Authority (debt outstanding as of June 30, 2014):

- Series 2009C&D Fixed Rate Hospital Revenue Bonds (\$200.0 million outstanding; expected to be refunded by Series 2015A&B fixed rate bonds), rated A1
- Series 2009A&B Fixed Rate Hospital Revenue Bonds (\$208.6 million outstanding; expected to be refunded by Series 2015A&B fixed rate bonds), rated A1
- Series 2008A VRDO Hospital Revenue Bonds (\$50.0 million outstanding), supported by a direct-pay LOC from Northern Trust Company and rated Aa2/VMIG1 reflecting Moody's approach to rating jointly supported

transactions) (the LOC expires in February 2017), A1 underlying rating

-Series 2006B Fixed Rate Hospital Revenue Bonds (\$92.8 million outstanding; expected to be refunded by Series 2015A&B fixed rate bonds), insured by National Public Finance Guarantee Corp (MBIA), rated A1

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Not-for-Profit Healthcare Rating Methodology published in March 2012. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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John P. Mordach
Rush University Medical Center
Senior Vice President
Chief Financial Officer

Illinois Health Facilities and
Services review Board
Springfield, Illinois

RE: Rush Oak Brook Orthopaedic Center
Rush Oak Brook Surgery Center

To Whom It May Concern:

This letter is provided as a response to Section 1120.140.b, and as an affirmation that, in the opinion of the Applicants, the conditions of debt proposed to partially finance the two projects referenced above are reasonable.

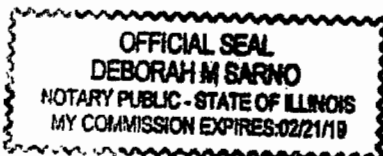
It is the Applicants' opinion that the combination of debt and equity financing identified in the CON applications represents the lowest net cost reasonably available to the Applicants at this time, and the most advantageous funding scenario available to the Applicants.

Sincerely,

John P. Mordach
Senior Vice President & Chief Financial Officer
Rush University Medical Center

Subscribed and sworn to before me this

22nd day of July, 2016.

Notary Public

ATTACHMENT 39B

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A		B		C		D		E		F		G		H		Total	
	Cost/Sq. Ft.		Mod.		New		Circ.		Mod.		Circ.		(A x C)		(B x E)		(G + H)	
Reviewable																		
MRI	\$	285.00			1,400								\$	399,000			\$	399,000
CT	\$	285.00			1,400								\$	399,000			\$	399,000
General X-ray	\$	285.00			1,000								\$	285,000			\$	285,000
Ultrasound	\$	285.00			800								\$	228,000			\$	228,000
Mammography	\$	285.00			900								\$	256,500			\$	256,500
Bone Densitometry	\$	285.00			1,100								\$	313,500			\$	313,500
Lab/Specimen Collection	\$	245.00			500								\$	122,500			\$	122,500
Const. Contingency	\$	15.00											\$	106,500			\$	106,500
	\$	297.18			7,100								\$	2,110,000			\$	2,110,000
Non-Reviewable																		
Rush Univ. Medical Group	\$	337.00			24,700								\$	8,323,900			\$	8,323,900
Midwest Ortho. at Rush	\$	186.00			17,000								\$	3,162,000			\$	3,162,000
Leased-ASTC	\$	186.00			31,940								\$	5,940,840			\$	5,940,840
Lobbies/Public Areas	\$	285.00			3,000								\$	855,000			\$	855,000
DGSF>>BGSF	\$	186.00			19,260								\$	3,582,360			\$	3,582,360
	\$	15.00											\$	1,438,500			\$	1,438,500
Const. Contingency	\$	242.99			95,900								\$	23,302,600			\$	23,302,600
Total	\$	246.72			103,000								\$	25,412,600			\$	25,412,600

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