



611 West Park Street, Urbana, IL 61801-2595

Via Federal Express

Collin Anderson
(217) 902-5521
Collin.Anderson@Carle.com

Ms. Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

RECEIVED

AUG 28 2018

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Champaign SurgiCenter (Proj. No. 16-045)

Dear Ms. Avery:

Pursuant to Section 1130.750 of the Illinois Health Facilities and Services Review Board (the "State Board") rules, I am writing on behalf of Champaign SurgiCenter, LLC, The Carle Foundation and Carle Health Care Incorporated (the "Permit Holders") to request an alteration of Project Permit No. 16-045 to increase the size and the cost of the project.

As you are aware, on January 24, 2017, the State Board approved the Permit Holders' application to establish a replacement ASTC in Champaign, Illinois. The Permit Holders also separately obtained a corresponding certificate of exemption to discontinue their existing ASTC in Champaign, Illinois.

Since receiving the CON permit, the Permit Holders have engaged in further planning to evaluate space needs and make the Project more operationally efficient. Through these efforts, the Permit Holders determined that project alterations are necessary. Additional square footage and project costs will allow for larger operating rooms and ceiling mounted equipment. Ceiling mounted equipment is consistent with contemporary equipment standards and allows for better re-arrangement of equipment and accommodating operating staff moving around in the OR during procedures. Furthermore, the Permit Holders chose to make the vast majority of the prep/recovery bays more segregated to ensure patient privacy and to improve communication, patient satisfaction and quality. These alterations will result in a 2,242 gross square foot increase in the size of the project, a \$2,175,526 increase in project costs and a \$1,455,300 increase in bond issues (project related).

For your review, I have attached the following:

- Revised Project Costs and Sources of Funds table;
- Revised itemized table of Project Costs and Sources of Funds (Attachment- 7);
- Revised Cost Space Requirements table (Attachment- 9);
- Evidence of current A bond rating of the Permit Holders (Attachment- 36);
- Revised Reasonableness of Project and Related Costs table (Attachment- 39C)

I have also enclosed a check for \$1,000 made payable to the Illinois Department of Public Health for the Post-Permit Alteration Processing Fee.

We believe this request complies with the State Board's standards and request, if a State Board Chair has been appointed, that the State Board Chair approve the alteration of Project Permit No. 16-045 as a desk review.

If you have any questions or need any additional information regarding this alteration request, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Collin Anderson', written over a horizontal line.

Collin Anderson
Business Development & Regulatory Coordinator
Carle Foundation Hospital

Attachments

Cc: Kara Friedman

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$214,000	\$295,556	\$509,556
Site Survey and Soil Investigation	\$58,850	\$160,500	\$219,350
Site Preparation	\$428,000	\$2,300,500	\$2,728,500
Off Site Work	\$0	\$1,324,253	\$1,324,253
New Construction Contracts	\$9,790,500	\$7,431,150	\$17,221,650
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$882,750	\$519,107	\$1,401,857
Architectural/Engineering Fees	\$761,050	\$663,400	\$1,424,450
Consulting and Other Fees	\$171,200	\$171,200	\$342,400
Movable or Other Equipment (not in construction contracts)	\$3,798,500	\$2,033,000	\$5,831,500
Bond Issuance Expense (project related)	\$288,431	\$272,453	\$560,883
Net Interest Expense During Construction (project related)	\$302,940	\$286,159	\$589,099
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$267,027	\$833,942	\$1,100,969
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$16,963,248	\$16,291,221	\$33,254,469
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$5,426,272	\$5,284,428	\$10,710,700
Pledges	\$0	\$0	\$0
Gifts and Bequests	\$0	\$0	\$0
Bond Issues (project related)	\$11,269,949	\$10,975,351	\$22,245,300
Mortgages	\$0	\$0	\$0
Leases (fair market value)	\$0	\$0	\$0
Governmental Appropriations	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Other Funds and Sources (NBV of Existing Equipment)	\$267,027	\$31,442	\$298,469
TOTAL SOURCES OF FUNDS	\$16,963,248	\$16,291,221	\$33,254,469
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Project Costs			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Preliminary Design	\$149,800	\$172,506	\$322,306
Precon Budgets	\$64,200	\$123,050	\$187,250
Total	\$214,000	\$295,556	\$509,556
Site Survey and Soil Investigation	\$58,850	\$160,500	\$219,350
Site Preparation	\$428,000	\$2,300,500	\$2,728,500
Off Site Work	\$0	\$1,324,253	\$1,324,253
New Construction Contracts	\$9,790,500	\$7,431,150	\$17,221,650
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$882,750	\$519,107	\$1,401,857
Architectural Fees			
Architecture Engineering	\$354,450	\$321,000	\$675,450
Mechanical Engineering	\$278,200	\$214,000	\$492,200
Structural Engineering	\$85,600	\$85,600	\$171,200
Code Review	\$42,800	\$42,800	\$85,600
Total	\$761,050	\$663,400	\$1,424,450
Consulting and Other Fees			
IDPH Permits	\$21,400	\$21,400	\$42,800
City Permits	\$85,600	\$85,600	\$171,200
Special Inspections	\$21,400	\$21,400	\$42,800
Commissioning	\$21,400	\$21,400	\$42,800
CON Fees/Expenses	\$10,700	\$10,700	\$21,400
Consultants	\$10,700	\$10,700	\$21,400
Total	\$171,200	\$171,200	\$342,400

Project Costs			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Movable or Other Equipment (not in construction contracts)			
Equipment General	\$3,745,000	\$1,444,500	\$5,189,500
Furniture	\$0	\$267,500	\$267,500
Security Access/Cameras	\$21,400	\$85,600	\$107,000
IT/Telecom	\$21,400	\$214,000	\$235,400
Signs/Wayfinding	\$10,700	\$21,400	\$32,100
Total	\$3,798,500	\$2,033,000	\$5,831,500
Bond Issuance Expense (project related)	\$288,431	\$272,453	\$560,883
Net Interest Expense During Construction (project related)	\$302,940	\$286,159	\$589,099
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized			
Surface Parking Lots, Temporary Roads, Lighting	\$0	\$802,500	\$802,500
Net Book Value of Assets to be Transferred from Existing ASC	\$267,027	\$31,442	\$298,469
Total	\$267,027	\$833,942	\$1,100,969
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$16,963,248	\$16,291,221	\$33,254,469

Cost Space Requirements

The Applicants seek to relocate and expand their Existing ASTC.

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area (list below)	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
ASTC	\$16,963,248	0	27,687	27,687	0	0	0
Total Clinical	\$16,963,248	0	27,687	27,687	0	0	0
Non-Reviewable							
Mechanical & Other Building Systems, Administrative and other non-clinical	\$16,291,221	0	19,400	19,400	0	0	0
Total Non-Clinical	\$16,291,221	0	19,400	19,400	0	0	0

S&P Global Ratings

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312-233-7000
reference no.:836491

July 24, 2017

The Carle Foundation
602 West University Avenue
Urbana, IL 61801

Attention: Mr. Scott L. Hendrie, Chartered Financial Analyst, Vice President of Finance-Treasury

Re: *Illinois Finance Authority, Illinois, Revenue Bonds*

Dear Mr. Hendrie:

S&P Global Ratings hereby affirms its rating of "A+" for the underlying rating (SPUR) on the above-listed obligations and changed the outlook to positive from stable. A copy of the rationale supporting the rating and outlook is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above rating to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

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Please send hard copies to:

S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

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1120.140 Economic Feasibility

C. Reasonableness of Project and Related Costs

The Applicants seek to relocate and expand their Existing ASTC.

The table below shows the cost and gross square foot allocation for all clinical departments impacted by the proposed project.

Cost and Gross Square Feet by Department of Service									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost / sf		Gross sf		Gross sf		Const \$ (A x C)	Mod \$ (B x E)	
	New	Mod	New	Circ	Mod	Circ			
ASTC	\$353.61		27,687				\$9,790,500		\$9,790,500
Clinical Contingency	\$31.88		27,687				\$882,750		\$882,750
Total Clinical	\$385.49		27,687				\$10,673,250		\$10,673,250

The values in column C reflect the total gross square footage

Circulation is 23.1% of the gross square footage.

The following is documentation regarding whether the estimated project costs are reasonable and in compliance with the state standards, as defined in Section 1120.140 (C) of the Administrative Code,

1. Preplanning costs are 1.48% of the sum of new construction, modernization, contingency, and equipment costs, which is under the state standard of 1.8%. Therefore this item is compliant with the state standard.
2. Site survey, soil investigation, or site preparation costs are 4.6% of construction and contingency costs, which is under the state standard of 5.0%. Therefore this item is compliant with the state standard.
3. Off-site work costs total \$0. There is no state standard for off-site work.
4. New construction and contingency costs are \$385.49 per gsf, compared with the ASTC standard of \$391.08/gsf. Therefore this item is compliant with the state standard.
5. There are no modernization contracts associated with this project. Therefore this item is not applicable.
6. The new construction contingency is 9.0% of new construction contracts, compared with the state standard of 10% for projects in the schematics stage. Therefore this item is compliant with the state standard.
7. Architectural and Engineering Fees for new construction are 7.1% of the sum of new construction contracts and the new construction contingency budget. This is

1120.140 Economic Feasibility

C. Reasonableness of Project and Related Costs

within the state standard of a range of 5.76% - 8.66% for a new construction budget under \$15,000,000. Therefore this item is compliant with the state standard.

8. Consulting and Other Fees total \$171,200. There is no state standard for Consulting and Other Fees.
9. Movable or Other Equipment (Not in Construction Contracts) costs total \$3,798,500 or \$422,056 per room. This is under the state standard of \$475,480.
10. Bond issuance expense totals \$288,431. There is no applicable state standard for bond issuance expense.
11. Net Interest Expense during Construction totals \$302,940. There is no applicable state standard for Net Interest Expense.
12. There is no Fair Market Value of Leased Space or Equipment associated with the proposed project.
13. Other Costs to Be Capitalized are \$267,027. There is no state standard for Other Costs to Be Capitalized.
14. There is no Acquisition of Building or Other Property cost associated with the proposed project. Therefore this item is not applicable.