

## 2. Narrative Description

In the space below, provide 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.

OSF St. Joseph Medical Center, Bloomington ("SJMC") intends to construct an approximately 53,000 gross square foot medical office building on its campus. The physicians who will have offices in the building will be mostly primary care and cardiac specialists. A stacking diagram of the building is attached hereto.

In addition to the medical office space, the building will dedicate space to out-patient cardiac services including nuclear medicine, stress testing, echocardiography, vascular ultrasound, infusion and cardiac rehabilitation. In addition, there will be an on-site occupational health service, and general radiology.

Currently, there are five different sites (none within the Hospital building) offering these primary care, cardiology and occupational health services. Relocating them to one site on campus, as proposed, will improve access to the services and increase efficiency in providing care. There are no current plans for use of the space in the buildings where the offices/services are currently located, although eventually the areas will be re-purposed.

This project is non-substantive as it does not propose establishment or discontinuation of a health care facility or category of service.

### 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 be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	0	9,000	9,000
Site Survey and Soil Investigation		4,000	4,000
Site Preparation	0	0	0
Off Site Work	0	0	0
New Construction Contracts	5,726,666.70	11,453,333.30	17,180,000
Modernization Contracts	0	0	0
Contingencies	734,855.50	734,855.50	1,469,711
Architectural/Engineering Fees	596,069	596,069	1,192,138
Consulting and Other Fees	50,000	50,000	100,000
Movable or Other Equipment (not in construction contracts)	2,093,100	1,600,000	3,693,100
Bond Issuance Expense (project related)	127,000	127,000	254,000
Net Interest Expense During Construction (project related)	626,500	626,500	1,253,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized		280,000	280,000
Acquisition of Building or Other Property (excluding land)	0	0	0
<b>TOTAL USES OF FUNDS</b>	<b>\$9,954,191.20</b>	<b>\$15,480,757.80</b>	<b>\$25,434,949</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$9,963,191.20	\$15,480,757.80	\$25,434,949
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$9,963,191.20</b>	<b>\$15,480,757.80</b>	<b>\$25,434,949</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

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)

## VII. 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]:

_____	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;
<u>\$25,434,949</u>	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.

   	<p>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;</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
\$25,434,949	<b>TOTAL FUNDS AVAILABLE</b>

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### **Itemization of Project Costs**

Construction: See attached, \$17,180,000

Contingencies: \$1,469,711

Equipment: See attached, plus \$1,000,000 general non-clinical furniture and \$600,000.00 IT equipment = \$3,693,100

Consulting: \$100,000 CON fees

Other Costs To Be Capitalized: \$280,000 Art Work, Landscape, Signage

Preplaning: \$4,000 (roadways/entrance planning)

Soil: \$9,000 (soil bearings)

A&E: \$1,192,138 (design work and planning)

Bond Expense: \$254,000

Net Interest: \$1,253,000

Total cost: \$25,434,949

### Cost Space Requirements

Dept/Area	Cost	GSF		Amount of Proposed total GSF that is:			
		Exist	Prop.	New Cust.	Mod	As Is	Vacated
<b>CLINICAL</b>	<b>\$9,954,191.20</b>						
General Radiology	\$1,992,638.00		677	677			
Ultrasound	\$1,233,561.20		553	553			
Nuclear Medicine	\$2,000,277		804	804			
Occ. Health	\$2,248,077		4,824	4,824			
Cardiac Rehab	\$1,087,000.00		1,870	1,870			
Cardiac Testing	\$1,392,638.00		1,673	1,673			
<b>NON-CLINICAL</b>	<b>\$15,480,757.80</b>						
Physician Offices	\$10,494,435		24,112	24,112			
Lobby, Administrative, Circulation, Elevator, Materials Management & Mechanical	\$4,986,322.80		18,191	18,191			
<b>TOTAL PROJECT</b>	<b>\$25,434,949</b>		<b>52,704</b>	<b>52,704</b>			