



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

MEMORANDUM

TO: Mike Constantino, Chief -- Program Review Section
Division of Health Systems Development

FROM: Dale Galassie, Chairman
Illinois Health Facilities and Services Review Board

RE: Permit Renewal Request for Project # 09-068

Facility: Pinckneyville Hospital, Pinckneyville

This is to advise you that I have reviewed the above-captioned permit renewal request within the requirements in 77 IAC 1130.740 and have determined the following:

The request is in compliance with the requirements in 77 IAC 1130.740 and the renewal request is approved.

This request is to be reviewed by the Health Facilities Planning Board.

This request is DENIED effective _____ because it does **NOT** comply with the requirements specified in 77 IAC 1130.740.

Other actions as follows:

Dale Galassie, Chairman
Illinois Health Facilities and
Services Review Board

6-19-12

Date



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DOCKET ITEM: NA	BOARD MEETING: NA	PROJECT NUMBER: 09-068
PERMIT HOLDERS(S): Pinckneyville Community Hospital Pinckneyville Community Hospital District		
FACILITY NAME and LOCATION: Pinckneyville Community Hospital, Pinckneyville		

STATE AGENCY REPORT
PERMIT RENEWAL REQUEST

I. Background

On April 20, 2010, the State Board approved Project #09-068. The permit authorized the discontinuation of its 25-bed critical access hospital, and the re-establishment of a 25-bed replacement hospital in Pinckneyville. The State Agency notes the project received an extension to its obligation period to October 20, 2012, and the current project completion date is June 30, 2012. Project cost: \$46,624,405.

The State Agency notes the permit holders submitted the permit renewal request on May 31, 2012. This submittal was not in accordance with 77 IAC 1130.740(d), which states that renewal requests must be received by the State Agency at least 45 days prior to the permit expiration date. A \$500.00 late fee accompanied the \$500.00 permit renewal fee.

II. Findings

The State Agency notes this is the first renewal request for this project and it appears the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.



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III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of October 1, 2014. This would extend the project's completion date by twenty seven months, from June 30, 2012 to October 1, 2014.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is underway. Construction costs have been established based on accepted bids, IDPH has approved the construction drawings, and construction will commence once financing is secured.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the following events occurred, which delayed completion of the project:
- The permit holders state the financing has not been secured for said project, and that future efforts to secure funding through the USDA will result in the project needing extra time for completion.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate \$2,803,075 (6% of the original project amount), has been expended to date, and a planned alteration to the project will reduce the overall cost by 33%, which the permit holders note is within their expected financial capacity.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will deviate from the originally approved permit amount of \$46,624,405, to \$31,187,575 (33% reduction in cost). The applicants note this cost as being within their expended financial capability.

IV. Project Description & Other Background Information

The permit authorized the discontinuation of a 25-bed critical access hospital in Pinckneyville, and the establishment of a replacement 25 bed hospital approximately 1.8 miles away, in Pinckneyville. Project cost: \$46,624,405.

Permit Issuance Date: April 20, 2010

Original Project Completion Date: June 30, 2012



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Project Obligation Date: October 20, 2012

Proposed Project Completion Date: October 1, 2014 (27 months)

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.740(b) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(c) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(d) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(e) states IDPH will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFPB criteria, and if this is the first request for this project, then the request, IDPH's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFPB, will approve, deny or refer the request to the HFPB for action. If IDPH finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFPB for action, then HFPB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFPB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.



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VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal, and a copy of the original State Agency Report.



RECEIVED

JUN 04 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

May 31, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Permit Renewal Request (Section 1130.740)
Project #09-068
Pinckneyville Community Hospital Replacement

Dear Ms. Avery,

As noted in our March 25, 2011 letter to Mr. Galassie regarding our Annual Progress Report and Obligation Period Extension Request, we anticipated filing a Permit Renewal Request due to project financing considerations. Based on this letter, our obligation period was extended by the State Agency to October 20, 2012 and we know it necessary to renew our Permit and respectfully request such consideration. A Permit Renewal is necessary in that the project is not yet financed.

The information which follows responds to Part 1130, Section 1130.740(d), Renewal of a Permit.

(d.1) Requested Completion Date (October 1, 2014)

As you are aware from our recent correspondence with the State Agency, we are pursuing project financing through the USDA and are preparing an Alteration Permit which will reduce the project scope. In addition, we have a letter on file requesting a declaratory ruling from the Review Board regarding the current obligation date for the project. Our current financial advisors have prepared a debt capacity study indicating the potential to

finance a smaller project and they are now completing a more in-depth financial analysis for both USDA and State Agency use.

Our originally approved project completion date was expected to be June 30, 2012. Given financing considerations and the underlying assumptions included in our debt capacity study, the revised replacement hospital occupancy date is anticipated to be April 14, 2014 with an expected project completion date of October 1, 2014.

(d.2) Status Report

To date, funds expended on the approved project are \$2,803,075 which is 6% of the originally approved \$46,624,405 permit amount. Our soon to be filed Alteration Permit request envisions an approximate \$31,187,575 project which is approximately 33% less than originally approved, but within our expected financial capability.

We have completed plans, construction costs have been established based on contractor bids, and we have IDPH approval of the construction drawings based on the original project. In summary, we are essentially prepared to begin construction / implementation once financing is secured.

(d.3) Statement regarding completion

The project has not been completed solely due to financing considerations as previously disclosed to the State Agency in various correspondences.

(d.4) Evidence the project scope is in compliance with HFPB approvals and sufficient financial resources are available to complete the project

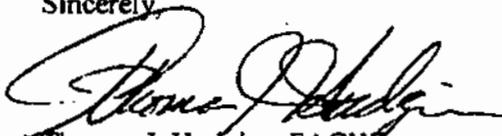
Our current facility plans and construction cost estimates are based on a smaller project which will be delineated in the Alteration Permit which will be filed in early June 2012

At this juncture, in addition to a Hospital equity contribution and an Illinois Capital Grant, we are anticipating USDA funding for this project. However, confirmation has not yet been secured for project financing although our debt capacity study and in-process financial feasibility analysis indicate financial resources can be made available for the proposed reduced project scope. We cannot, however, at this time assure the State Agency that adequate resources will be available. We require additional time to secure such assurances.

We respectfully request a Permit Renewal until October 1, 2014 so that we can fully explore our options to implement this much needed replacement hospital facility. The unexpected turmoil in the financial markets which resulted in severely restricted access to capital is the major hurdle we face in implementing the project.

Our check in the amount of \$1,000 is enclosed as a Permit Renewal processing fee. Please contact me at thudgins@pvillehosp.org or by phone at 618-357-5901 if additional information is required.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Hudgins". The signature is fluid and cursive, with the first name being the most prominent.

Thomas J. Hudgins, FACHE
Chief Executive Officer

CC: Mike Constantino
Ed Parkhurst, PRISM Healthcare Consulting

Pinckneyville Community Hospital
Funded Depreciation Account

Check #902

May 31, 2012

70-633/813

Date

PAY to the
order of

Illinois Department of Public Health

\$ 1,000.00*

One thousand and no/100*

Dollars  



John Shotton

For CON Renewal Fee 09-068

⑆08 190533 ⑆ 00706780 ⑆

[Signature]

Pinckneyville, Ill.

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