

August 3, 2016

Ms. Courtney Avery, Administrator  
Illinois Department of Public Health  
Health Facilities and Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

**RECEIVED**

**AUG 04 2016**

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

**Re: Permit Renewal Request**

**Project:** #10-090 Centegra Hospital - Huntley  
**Permit Holders:** Centegra Health System, Centegra Hospital – Huntley, Centegra Hospital-McHenry  
**Permit Amount:** \$233,160,352

Dear Ms. Avery,

Per 77 Ill. Adm. Code Section 1130.740, we are requesting a six-month extension of the project completion date for Project #10-090 to allow for timely submission of the final realized cost report. This is the first request for permit renewal on this project. A check in the amount of \$500 is included with this letter as the renewal request fee.

**1) The requested completion date:**

We are requesting a project completion date of March 31, 2017. The current project completion date, per the permit letter, is September 30, 2016.

**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:**

Included as Attachment 1 to this Permit Renewal Request is our recent Annual Progress Report dated August 3, 2016 which contains a complete status report on the project and shows that the permit holders have proceeded with due diligence toward completion of the project. To summarize:

- a. As of May 31, 2016 the construction of the project is over 95% complete and a total of \$180,173,779 in project related costs have been incurred.
- b. The project was approved for occupancy on July 21, 2016 and the Illinois Department of Public Health (IDPH) has issued an operating license for the facility. The opening day is planned for August 9, 2016.
- c. The following components of the project are finished.
  1. Pre-Planning and site survey
  2. Excavation
  3. Site utility work and relocations
  4. Cast-in-place concrete foundations
  5. Structural steel erection
  6. Metal deck installation
  7. Exterior studs and sheathing
  8. Building enclosure including: windows, roofing, sheet metal, louvers and screen wall
  9. Precast concrete façade installation
  10. Mechanical, electrical and plumbing system rough in work
  11. Major mechanical equipment installation
  12. Site paving

13. Elevators and pneumatic tube work
14. Interior partitions and acoustic ceilings
15. Interior wall finishes, ruining trim, ceramic tile and casework
16. Floor finishes
17. Mechanical, electrical and plumbing trim installation
18. Off-site work
19. Installation of signage, and non-movable equipment and furnishings
20. Landscaping

- d. The following components of the project are not yet finished.
  1. The move in of movable medical equipment

**3) A statement as to the reasons why the project has not been completed:**

The project completion date in the permit is September 30, 2016. As noted above, the facility has been licensed and approved for occupancy by IDPH with the opening day planned for August 9, 2016. We expect the project will be completed by the project completion date but we anticipate that we may need more than 90-days after the project completion date to submit the report of project completion and final realized costs, including supporting documentation, as required by Section 1130.770 of the Review Board's rules. The reasons that additional time may be needed for the submission of the report of project completion and final realized costs are: (a) the permitted size of the project: 384,135 gsf and project cost of \$233,160,352, which costs must be audited; (b) the time required for completion of an audit of final costs, and; (c) initial delay in the obligation of the project related to litigation challenging the permit, which litigation commenced in August 2012 and was completed in June 2016 with the Illinois Appellate Court affirming the Review Board's decision to issue the permit.

**4) Confirmatory evidence by the permit holder's authorized representative that the project's costs and scope are in compliance with what HFSRB approved and that sufficient financial resources are available to complete the project:**

The undersigned authorized representative of the permit holders submits the project's Annual Progress Report dated August 3, 2016 (Attachment 1) as confirmatory evidence that the project's costs and scope are in compliance with what HFSRB approved and that financial resources are available to complete the project.

If you have any questions, please feel free to contact me at 815.788.5858.

Sincerely,



Hadley Streng  
Vice President, Strategy and Development  
Centegra Health System

Enclosures

August 3, 2016

Ms. Courtney Avery, Administrator  
Illinois Department of Public Health  
Health Facilities and Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

**Re: Annual Progress Report**

**Project:** #10-090 Centegra Hospital - Huntley  
**Permit Holders:** Centegra Health System, Centegra Hospital – Huntley, Centegra Hospital-McHenry  
**Permit Amount:** \$233,160,352

Dear Ms. Avery,

Per 77 Ill. Adm. Code Section 1130.760, this letter is being submitted as the Annual Progress Report for Project #10-090 for which a permit has been issued by the Health Facilities and Services Review Board.

**1) Current status of the project, including the percentage of the project finished, components finished and components yet to be finished, and any changes in the scope of the project and size.**

- a. The Review Board's issuance of the permit for this project was contested by complaints for administrative review filed in the Circuit Court of Will County on August 24, 2012 (Case No. 12 MR 1824) and August 28, 2012 (Case No. 12 MR 1840). The two cases were consolidated and in November 2013, Circuit Court Judge Bobbi N. Petrunaro ruled in favor of Centegra Health System and the Illinois Health Facilities and Services Review Board upholding the CON approval. Opponents appealed and on April 22, 2016 the Appellate Court for the 3rd Judicial District issued an opinion unanimously affirming the Illinois Health Facilities and Services Review Board decision granting Centegra's CON to construct Centegra Hospital-Huntley. The Mandate was issued on June 16, 2016, bringing the matter to a close.
- b. In accordance with 77 Ill. Adm. Code Section 1130.710(a)(2), the obligation period for the project was extended. The project was obligated on February 18<sup>th</sup>, 2014 when contracts were signed committing to spend over 33% of the project cost.
- c. As of May 31, 2016 the construction of the project is over 95% complete and a total of \$180,173,779 in project related costs have been incurred.
- d. The project was approved for occupancy on July 21, 2016 and the Illinois Department of Public Health (IDPH) has issued an operating license for the facility. The opening day is planned for August 9, 2016.
- e. The following components of the project are finished.
  1. Pre-Planning and site survey
  2. Excavation
  3. Site utility work and relocations
  4. Cast-in-place concrete foundations
  5. Structural steel erection
  6. Metal deck installation
  7. Exterior studs and sheathing
  8. Building enclosure including: windows, roofing, sheet metal, louvers and screen wall
  9. Precast concrete façade installation
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17. Mechanical, electrical and plumbing trim installation
18. Off-site work
19. Installation of signage, and non-movable equipment and furnishings
20. Landscaping

f. The following components of the project are not yet finished.

1. The move in of movable medical equipment

g. The project scope and size remains consistent with the permit.

**2) Cost incurred to date and an itemized listing of the total current estimated project costs and a comparison of those costs to the approved permit amounts.**

<b>Use of Funds</b>	<b>CON Permit Amount as Altered</b>	<b>Cost Incurred Through May 31st, 2016</b>
Preplanning	\$ 2,935,000	\$ 2,932,066
Site Survey & Soil Preparation	\$ 85,000	\$ 84,489
Site Preparation	\$ 2,090,000	\$ 2,088,332
Offsite Work	\$ 10,880,000	\$ 9,166,923
New Construction	\$ 126,732,813	\$ 123,027,174
Modernization Contracts		
Contingencies	\$ 12,039,617	\$ -
A/E Fees	\$ 7,446,160	\$ 6,857,292
Consulting and Other Fees	\$ 12,224,729	\$ 10,560,698
Movable or Other Equipment	\$ 35,684,966	\$ 9,544,871
Bond Issuance Expense	\$ 1,500,000	\$ 1,468,574
Net Interest Expense During Construction	\$ 19,000,000	\$ 14,051,293
Fair Market Value of Leased Space or Equipment	\$ 2,150,000	\$ -
Other Costs	\$ 392,067	\$ 392,067
<b>Total Uses of Funds</b>	<b>\$ 233,160,352</b>	<b>\$ 180,173,779</b>

**3) The method of financing the project and sources of funds.**

<b>Source of Funds</b>	<b>CON Permit Amount as Altered</b>	<b>Cost Incurred Through May 31st, 2016</b>
Cash & Securities	\$ 48,010,352	\$ 14,700,698
Pledges		
Gifts and Bequests		\$ -
Bond Issues (Project Related)	\$ 183,000,000	\$ 165,473,081
Mortgages		
Leases (fair market value)	\$ 2,150,000	
Governmental Appropriations		
Grants		
Other Funds and Sources		
<b>Total Sources of Funds</b>	<b>\$ 233,160,352</b>	<b>\$ 180,173,779</b>

The method of financing the project and sources of funds have not changed.

**4) The anticipated date of completion.**

The project completion date in the permit is September 30, 2016. As noted above, the facility has been licensed and approved for occupancy by IDPH with the opening day planned for August 9, 2016. We expect the project will be completed by the project completion date but we anticipate that we may need more than 90-days after the project completion date to submit the final realized cost report due to the size of the project, the litigation related delay in the obligation of the project, and the need for an audited final cost report. For these reasons we are separately submitting with this annual progress report a permit renewal request for a six-month extension of the project completion date to March 31, 2017.

If you have any questions, please feel free to contact me at 815.788.5858.

Sincerely,

A handwritten signature in black ink that reads "Hadley Streng". The signature is written in a cursive, flowing style.

Hadley Streng  
Vice President, Strategy and Development  
Centegra Health System