



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-4	BOARD MEETING: November 17, 2015	PROJECT NUMBER: 13-003
PERMIT HOLDERS(S): St. Paul's Home, Inc.		
FACILITY NAME and LOCATION: St. Paul's Home for the Aged, Belleville		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On March 26, 2013, the State Board approved Project #13-003. The permit authorized a modernization/replacement project on the campus of St. Paul's Home for the Aged, in Belleville. The State Agency notes the project is obligated, and the current project completion date is January 1, 2015. Project cost: \$29,259,300.

The State Agency notes the permit holders submitted the permit renewal request on September 16, 2015. This submittal was 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 permit renewal fee accompanied the renewal request.

II. Findings

The State Agency notes this is the **second** 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. Board Staff notes the applicants received a 10-month permit renewal on December 16, 2014, extending the project completion date from January 1, 2015, to November 1, 2015.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of June 30, 2016. This would extend the project's completion date by eight months, from November 1, 2015 to June 30, 2016.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the construction portion of the project was completed prior to the completion date of November 1, 2015. The permit holders state the following remains:
 - IDPH Facility Survey
 - Licensing

- 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 delays in project stem from Licensing issues with IDPH, and delays in the inspection of said facility.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate \$26,061,412 (89% of the total project cost), has been expended to date and can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the modified permit amount of \$29,259,300.

IV. Project Description & Other Background Information

The permit authorized the modernization project to replace an existing 113 bed Long Term Care facility with a 108 bed replacement facility. Project cost: \$29,259,300.

Permit Issuance Date: March 26, 2013

Project Obligation Date: July 11, 2014

Original Project Completion Date: January 1, 2015

Project Completion (1st Renewal Request): November 1, 2015
(10-month renewal request)

Project Completion (2nd renewal Request): June 30, 2016
(8-month renewal request)

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.

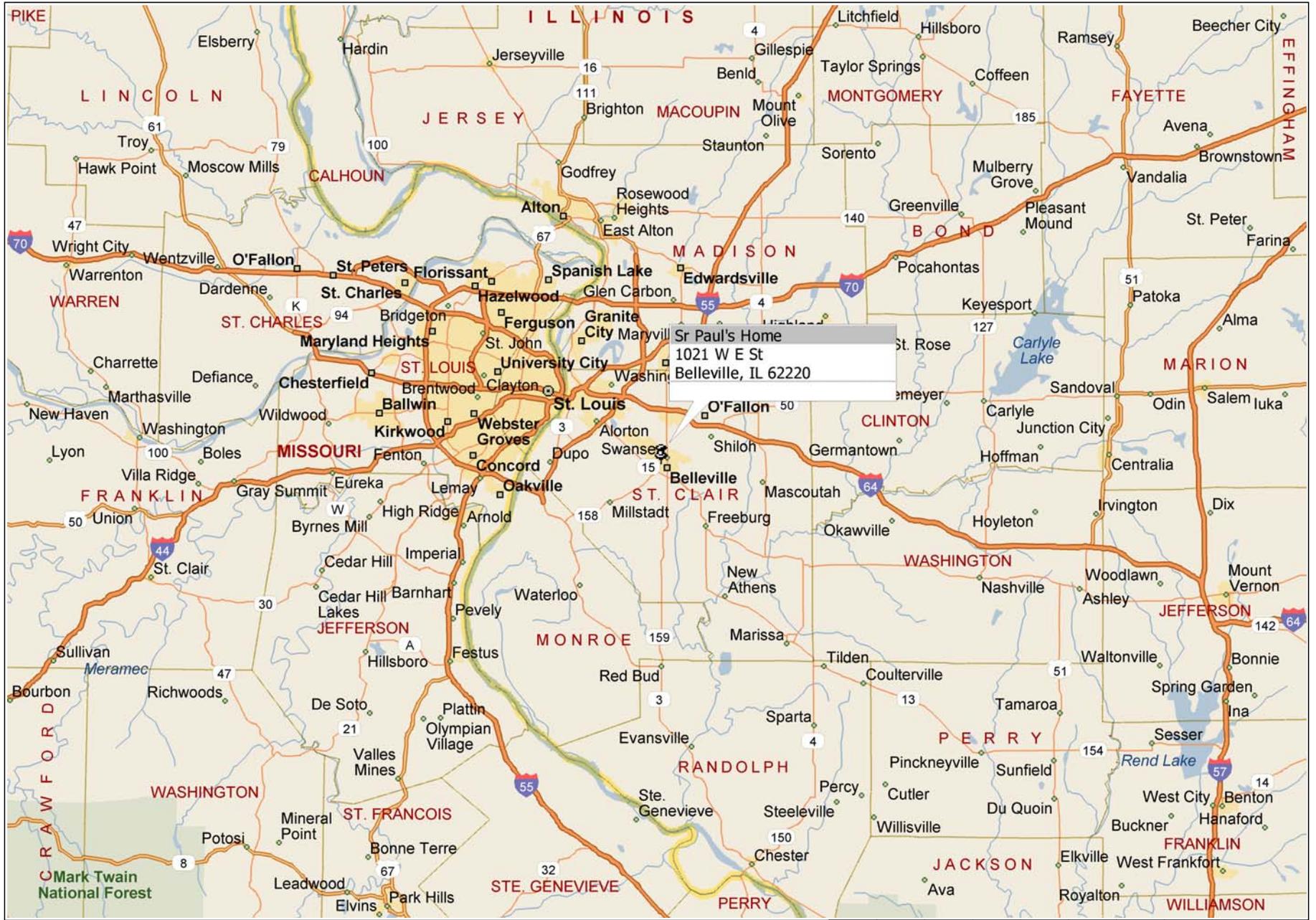
77 IAC 1130.740(d) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed 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.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.

#13-003 St. Paul's Home



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FIRM and AFFILIATE OFFICES

MARK J. SILBERMAN
DIRECT DIAL: 312.499.6713
PERSONAL FAX: +1 312 277 6957
E-MAIL: MJSilberman@duanemorris.com

www.duanemorris.com

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September 15, 2015

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Renewal Request for Project # 13-003, St. Paul's Home (Second Request)

Dear Ms. Avery,

Pursuant to the provisions of the Illinois Administrative Code, Section 1130.740, St. Paul's Home ("St. Paul's") would like to submit its second permit renewal to the Illinois Health Facilities and Services Review Board ("HFSRB" or the "Board") for Project #13-003 (the "Project"). As reflected in the permit letter, the Board approved the Project with an original completion date of January 1, 2015. St. Paul's previously requested and was granted a revised completion date of November 1, 2015. By submitting this request, St. Paul's is complying with the requirements of 77 Ill. Admin. Code 1130.740(a) and (c), in that the request is being submitted prior to September 17, 2015, which would be more than 45 days prior to the expiration date of the permit and, in fact, prior to the required completion date.

St. Paul's is requesting a revised completion date of June 30, 2016. The reasoning the Project is not yet completed is straight forward. The modernized facility was completed within the expected timeframe that would have allowed for timely Project completion prior to November 1, 2015. However, unexpectedly, there was a four-month delay between when the Project was completed and when the Illinois Department of Public Health ("IDPH") was able to come and survey the facility. The facility has been approved for occupancy by IDPH. Then, there was an additional delay because IDPH was unable to agree on how to license a modernization (rather than the establishment of a new facility) and how to transfer the certified beds. This resulted in another extended period of time, during which the residents were not able to move into the new facility – and obviously that demolition could not begin. Everything is now resolved, and the residents are in the modernized facility.

DUANE MORRIS LLP

190 SOUTH LASALLE STREET, SUITE 3700 CHICAGO, IL 60603-3433

PHONE: +1 312 499 6700 FAX: +1 312 499 6701

Courtney Avery
September 15, 2015
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There is no doubting St. Paul's diligence in pursuing this Project nor its respect for the HFSRB rules and process. Remember, St. Paul's submitted and received approval for an alteration to the Project in November 2013. The basis of the alteration was to modify the financing in a way that resulted in a **reduction in cost** of over \$2.3 million dollars by switching from a HUD loan to a conventional loan (the original Project amount was \$31,612,496 which has since been reduced to \$29,259,300). While many applicants will simply modify their financing without even informing this Board, St. Paul's understood that even a change that saved over \$2 million constituted an alteration and required HFSRB approval. While construction began immediately after securing financing, the delay resulted in losing about three months of construction time due to the unusually harsh winter weather. The late start based upon finalizing the financing, combined with the weather, is what resulted in the previous delay. The current delay resulted from an unpredictable delay in the IDPH internal review and approval process.

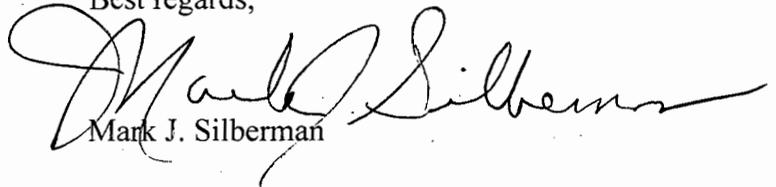
That said, the Project is and remains progressing well. 89% of the funds have been expended. The modernized facility is completed and being enjoyed by the residents. Once demolition and site restoration are completed, St. Paul's will be able to compile its final numbers and submit its notice of Project completion.

St. Paul's has expended \$26,061,412 thus far, with \$3,197,888 remaining to be expended. This is consistent with a complete budget of \$29,259,300. St. Paul's envisions the Project being completed on budget and in accordance with the requested new Project completion date, if approved by the Board. A review of the recently submitted Annual Progress Report (attached hereto as Exhibit A) illustrates that the costs and scope of the Project remain in accordance with the Project the HFSRB approved, as altered, and that sufficient financial resources are available to complete the Project. Lastly, enclosed is check number 1337 in the amount of \$500 to cover the application processing fee in accordance with 77 Ill. Admin. Code 1130.740(e).

We remain hopeful the Project may well be completed by year's end. However, we do not want to risk weather issues or other such delays requiring the request of another renewal for this Project. That is the reason we have requested a completion date of June 30, 2016. St. Paul's will continue to work diligently to complete this Project and looks forward to submitting the necessary documentation to bring this permit to a close.

Should there be any further questions, please do not hesitate to contact me to discuss.

Best regards,



Mark J. Silberman

Cc: Susan Franklin
Diane Meatheany