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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

May 25, 2018

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Via FedEx

Michael Constantino
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Annual Progress Report – Transitional Care of Fox Valley (Proj. No. 16-002)

Dear Mr. Constantino:

This office represents IH Fox Valley Owner, LLC; IH Fox Valley OpCo, LLC; Innovative Health, LLC; OnPointe Health Development, LLC (collectively, the “Permit Holders”). As you are aware, on May 10, 2016, the Illinois Health Facilities and Services Review Board (the “State Board”) approved the Permit Holders’ application to establish a 68-bed general long-term care facility to be located at 4020-4090 East New York Street, Aurora, Illinois (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #16-002.

1. Status of the Project

Construction has not commenced due to delays in zoning approval. The Permit Holders purchased the land where the Project will be located. The Aurora Planning and Development Division recently approved zoning for the Project. The delay in zoning approval was attributed to the need to sub-divide the property. The Project was to be located on a six acre site. The City of Aurora did not want the long-term care facility to occupy the entire site and required the Permit Holders to sub-divide the site to allow two acres of the site to be used for commercial development. Not only did the requirement to sub-divide the site delay zoning approval, but it delayed submission of the architectural plans to the Illinois Department of Public Health (“IDPH”) as the architect must revise the plans to conform to the four acre site. Finally, the prior



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developer stored a significant amount of soil on the property. As a result, the site will require significant preparation before construction can commence.

Additionally, the Permit Holders were involved in significant litigation regarding the Project Permit. Transitional Care of Lisle ("TC Lisle") and Transitional Care of Fox Valley ("TC Fox Valley", together with TC Lisle, "Transitional Care") were issued Certificate of Need ("CON") permits to construct 68-bed nursing home facilities in Lisle and Fox Valley (the "Projects"). In June 2016, competitors of Transitional Care filed complaints for administrative review with the Circuit Court, seeking to reverse the approval of the CON permits for the Projects. In January 2017, the Circuit Court affirmed the issuance of the CON permits. In February 2017, one of the plaintiffs, the Springs at Monarch Landing ("Monarch") filed appeals of the Circuit Court's decisions. Transitional Care requested that the TC Lisle and TC Fox Valley appeals be consolidated to promote judicial economy, and the Appellate Court granted the request. Monarch also filed motions in the Circuit Court and Appellate Court to stay the issuance of the CON permits pending the appeals, which Transitional Care opposed, and the courts denied the motions. On May 31, 2017, Monarch filed a motion to voluntarily dismiss the case. The Appellate Court granted the motion and dismissed the appeal.

In spite of the zoning delays and litigation, the Permit Holders have proceeded with the Project, acquiring the land at a cost of \$1,070,736.70. Additionally, they engaged an architect to prepare the architectural plans for submission to the Illinois Department of Public Health.

2. Costs Incurred to Date

To date, the Permit Holders have expended \$504,481 on the Project.

Transitional Care of Fox Valley (Proj. No. 16-002)		
Project Costs		
	Approved	Expended
Preplanning Costs	\$36,500	
New Construction Contracts	\$11,700,000	
Contingencies	\$299,000	
A & E Fees	\$320,000	\$123,535
Consulting and Other Fees	\$953,000	\$380,946
Moveable or Other Equipment	\$1,441,000	
Net Interest Expenses During Construction	\$446,340	
Other Costs to be Capitalized	\$707,851	
Estimated Total Project Cost	\$15,903,691	\$504,481



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3. **Sources of Funds**

The project will be funded through \$1,703,691 in cash and securities and a \$14,200,000 mortgage.

4. **Anticipated Completion Date**

The anticipated completion date for the Project is June 30, 2019.

If you need any additional information or have any questions regarding the status of the project, please feel free to contact me at 312-873-3606 or acooper@polsinelli.com.

Sincerely

A handwritten signature in cursive script that reads "Anne M. Cooper".

Anne M. Cooper