



# STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

<b>DOCKET ITEM:</b> A-09	<b>BOARD MEETING:</b> June 4, 2019	<b>PROJECT NUMBER:</b> 16-012
<b>PERMIT HOLDERS(S):</b> OnPointe Health Development, LLC Initiative Health, LLC IH Mundelein Owner, LLC Transitional Care of Lake County, LLC		
<b>FACILITY NAME and LOCATION:</b> Transitional Care of Lake County, Mundelein		

## **STATE BOARD STAFF REPORT** **PERMIT RENEWAL REQUEST**

### **I. Background**

On June 21, 2016, the State Board approved Project #16-012. The permit authorized the establishment of a 185-bed Long Term Care (LTC) facility in 90,000 GSF of space, in Mundelein. The State Agency notes the project is financially committed with the signing of the construction contract dated July 27, 2018, and the current project completion date is June 30, 2019. Original project cost: \$29,232,700.

State Board Staff notes the permit holders submitted the permit renewal request on May 16, 2019. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

### **II. Findings**

State Board Staff notes this is the first renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal. Board staff notes on May 3, 2018, the permit holders were approved to extend the financial commitment date one year, from June 21, 2018, to June 21, 2019.

### III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of December 31, 2020. This would extend the project's completion date eighteen months, from June 30, 2019 to December 31, 2020.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project entered the construction phase in December 2018. However, harsh winter conditions slowed progress during the construction phase, leaving the project approximately 10%-15% complete. The permit holders anticipate construction completion in the next 14-16 months.
- C. Reason(s) Why the Project Has Not Been Completed: In addition to inclement weather, the permit holders' state numerous delays in the financing, and permitting phases are responsible for the renewal request as well. Unanticipated delays in securing HUD financing have all been resolved, as well as zoning matters with the city of Mundelein.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that approximately \$3,000,000 (10.3% of the overall project cost), has been expended to date, and the permit holders 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 altered permit amount of \$29,232,700.

### IV. Project Description & Other Background Information

The permit authorized the establishment of a 185-bed Long Term Care (LTC) facility in Mundelein. Project cost: \$29,232,700.

Permit Issuance Date:	June 21, 2016
Project Obligation Date:	July 27, 2018
Original Project Completion Date:	June 30, 2019
Proposed Project Completion Date: (18-month renewal request)	December 31, 2020

**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 1130.230(h)(5) 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(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) 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(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff 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 HFSRB for action, then HFSRB 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 HFSRB'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.



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May 15, 2019

**VIA FEDEX**

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

**RECEIVED**

MAY 16 2019

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

**Re: Permit Renewal Request-Transitional Care of Lake County, Mundelein,  
Project #16-012**

Dear Ms. Avery:

On June 21, 2016, the Illinois Health Facilities and Services Review Board (“HFSRB”) approved Project #16-012, a project to construct and establish a 185 bed general long term category of service to be located at 850 East U.S. Highway, Mundelein, Illinois. The purpose of this letter is to request a Permit Renewal pursuant to 77 Ill. Admin. Code 1130.740. Enclosed you will find a check with the permit renewal fee. This is our first renewal request.

#### **Request Project Completion Date**

The permit holder requests that the HFSRB grant a permit renewal and establish Thursday, December 31, 2020 as the project completion date for this project.

#### **Status of the Project**

The project was able to begin construction in earnest in December 2018. We expected more progress on construction, however, given the harsh winter weather we were unable to continue work for weeks at a time. Currently, the project is approximately 10-15% complete. We anticipate an additional 14-16 months of construction will be required to complete the building. The additional time is necessary to complete construction of the facility, and allow for the requisite Illinois Department of Public Health (“IDPH”) life safety and licensure inspections. This additional time will also allow for the final reconciliation of costs and expenses to allow for proper final cost reporting to the Board.

As this Board knows, there were several unforeseen delays with the project due to the Department of Housing and Urban Development (“HUD”) financing process. We are happy to

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report that we have closed on our HUD loan which allowed to begin construction of the facility. Over the last year we have also worked through additional zoning matters that arose with the site and have satisfactorily addressed them. The project was also financially committed on July 27, 2018 through the execution of the construction contract to build the skilled nursing facility and has been reported to the Board.

### **Statement Regarding Project Completion**

Sufficient progress was made with financing and zoning to allow construction to begin late last year, but additional time is necessary to close the project out and meet the commitments made to this Board and the Lake County community.

To date approximately \$3,000,000 of the approved \$29,232,700 has been expended on the project. The project is progressing consistent with the application underlying the permit approved by the Board and will be completed in accordance with the terms of the permit letter issued by the HFSRB. We do not anticipate the need to alter the project in any way, and we expect the project to be completed in accordance with the approved permit.

### **Confirmatory Evidence of Permit Compliance**

Enclosed is a verified statement from Brad Haber, one of the Managing Principals of Innovative Health, LLC that confirms the permit holders are complying with the scope, costs, and conditions of the project approved by the HFSRB, pursuant to the permit letter issued for this project. Additionally, the aforementioned verified statement confirms that there are sufficient financial resources available to complete this project.

If you have any questions or need any additional information regarding the project or this permit renewal request, please feel free to contact me at 312-212-4967.

Very truly yours,

BENESCH, FRIEDLANDER,  
COPLAN & ARONOFF LLP



Juan Morado, Jr.

JM:

Enclosures

cc: Jeannie Mitchell, General Counsel (via email)  
Mike Constantino, Senior Project Reviewer (via email)

**State of Illinois  
County of Cook**

**Verification**

I, Brad Haber., being first duly sworn, on oath, depose and state as follows:

1. I serve as one of the Managing Principals of Innovative Health, LLC an owner and the entity responsible for the management of Transitional Care of Lake County, Mundelein.
2. The project to construct and establish a 185 bed general long term facility in 90,000 square feet is progressing consistently with the commitments reflected in the permit letter issued for this project.
3. Our project costs remain on track and in accordance with the terms of the project approved by the Illinois Health Facilities and Services Review Board, Project #16-012.
4. The project's costs and scope continue to comply with the application the HFSRB approved for Project # 16-012.
5. Sufficient financial resources remain available to complete Project #16-012.

Under penalties as provided by law pursuant to § 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct.



\_\_\_\_\_  
(signature)

**5/10/19**

\_\_\_\_\_  
(date)