Benesch

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October 15, 2020

VIA E-MAIL

RECEIVED
OCT 16 2020
HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Permit Renewal Request-Mercyhealth Crystal Lake Hospital Project #17-002

Dear Ms. Avery:

As you know we represent Mercy Health Corporation ("Mercyhealth") in relation to Project #17-002, Mercyhealth Crystal Lake Hospital. The above-referenced permit was issued by the Illinois Health Facilities and Services Review Board ("HFSRB") on June 20, 2017 to establish a Hospital at the southeast corner of State Route 31 and Three Oak Road in Crystal Lake, Illinois. The purpose of this letter is to request a Permit Renewal pursuant to 77 Illinois Admin. Code Section 1130.740. Enclosed you will find a check from Mercyhealth for the $500 permit renewal fee. This is the first request for a permit renewal for this project.

Requested Project Completion

The permit holder requests that the HFSRB grant a permit renewal and establish Friday, March 1, 2024 as the project completion date for this project.

Status of the Project

As you know, this project was originally approved along with a companion project to establish the new Mercyhealth Crystal Lake Medical Office Building (Project # 17-001). Shortly after the project was approved by the HFSRB, competitors filed administrative challenges to both projects which slowed their progression considerably. However, the Appellate Court has upheld and reinstated the HFSRB's decision and has cleared the way for the progression of these projects. The permit holder attempted on multiple occasions to initiate work at the proposed site and sought permits from the city of Crystal Lake during the pendency of the litigation. However, the city of Crystal Lake refused to recognize the legitimacy of the HFSRB's decision and would not issue permits until the litigation was resolved.

Once the litigation was resolved earlier this year, the permit holder was eager to begin making progress on the project, and then the COVID-19 pandemic created additional delays for the projects. Despite a desire by the permit holder to move forward swiftly, the project has progressed at a slower than desired pace. Additionally, we addressed in our May 20, 2020 correspondence to HFSRB staff, pursuant to Ill. Admin. Code Section 1130.710(a)(2), the financial commitment requirements for these two

projects, and Board Staff has agreed that the new Financial Commitment date for this project is June 16, 2023. With the litigation resolved, the permit holder is proceeding with final plans for the project and have sought permits from the city of Crystal Lake.

Statement Regarding Project Completion

Because of the delays as a result of the ongoing litigation, the city of Crystal Lake's unwillingness to issue building permits until the litigation was resolved, and the recent pandemic, the permit holder estimates that 8% of the project is completed at this time.

Through the submission of this permit renewal request, it is estimated that a total of approximately $5,945,751.75 has been incurred related to the completion of this project. The expenses remain consistent with completion of the project, as approved by the HFSRB. The funding for the project remains available and has been committed to the completion of this project. As previously mentioned, the deadline for financial commitment for this project has been extended in accordance with 1130.71(a)(2), and the permit holder intends to meet the new deadline.

The major components of the project that have already been completed include:

- Preconstruction;
- Initial functional programming and space planning;
- Architectural/Engineering:
  - Schematic design;
  - Design development;
  - Construction documents (currently 95% complete);
- Site work (grading and top soil removal);
- Landscape design (currently 90% complete);
- Medical equipment planning (currently 99% complete);
- Site work construction;
  - Mobilization
  - Top soil removal
  - Grading
  - Temporary power
- Construction documents package (site work utilities and foundations package);
- Exterior enclosure construction documents;
- Crystal Lake PUD Planning and Zoning Process; and
- Site assessment (including access planning and traffic evaluation).

The components that remain to be completed are:

- Completion of construction documents;
- Interior design documents for interior;
- Final planning and documentation for Medical Equipment;
- Construction of foundations and core of building;

- Construction of exterior enclosure to building;
- Construction of interior and finishes;
- Bidding and awarding of various construction trades;
- Procurement and installation of furniture and equipment;
- Site work construction and landscaping installation; and
- Permitting and inspections.

Confirmatory Evidence of Permit Compliance

Enclosed is a verified statement from Joanna Benning, Vice President of Facilities and Construction at Mercyhealth, that confirms that the permit holders are currently 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 projects, please feel free to contact me via phone at 312-212-4967 or via email at JMorado@beneschlaw.com. You can also contact my colleague, Mark J. Silberman by phone at 312-212-4967 or via email at MSilberman@beneschlaw.com with any questions.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

Juan Morado Jr.

Enclosures

State of Illinois
County of Cook

Verification Statement

I, Joanna Benning, being first duly sworn, on oath, depose and state as follows:

1. I serve as the Vice President for Facilities and Construction for Mercyhealth, the permit holder for Project #17-002.

2. This project involves the establishment of a Hospital on the property located southeast corner of State Route 31 and Three Oak Road in Crystal Lake, Illinois.

3. The delays to date have involved an administrative challenge from competitors that led to litigation that was only recently resolved by the Illinois Appellate Court, and affirmed by the Illinois Supreme Court. The city of Crystal Lake has also refused to issue permits for construction until the litigation was resolved. Finally, due to the COVID-19 pandemic, our construction schedule has been affected.

4. Our project costs remain consistent with the terms of the project approved by the Illinois Health Facilities and Services Review Board as Project #17-002

5. The project's costs and scope currently comply with the application approved for Project #17-002.

6. Sufficient financial resources remain available for the permit holders to complete Project #17-002.

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, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

Joann Benning (signature)

October 15, 2020
(date)