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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

VIA OVERNIGHT DELIVERY

April 20, 2019

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

**Re: Second CON Permit Renewal Request
Premier Cardiac Surgery Center, LLC
Project #17-058**

Dear Ms. Avery:

Premier Cardiac Surgery Center, LLC (“Permit Holder”) submits this permit renewal request in connection with the certificate of need (“CON”) permit issued to the Permit Holder for Project #17-058, which was granted by the Illinois Health Facilities and Services Review Board (“State Board”) on February 27, 2018 (“Project”). Based on the reasons set forth in this letter, the Permit Holder now requests December 31, 2019 as the new project completion date. This is the second permit renewal request sought by the Permit Holder.

Background

On February 27, 2018, the State Board approved a CON for the above-referenced Project. The CON permit allowed the Permit Holder to establish a single-specialty ambulatory surgical treatment center (“ASTC”) in 4,172 gross square feet of leased space located within an existing physician office-based lab. The Project’s initial total cost was \$1,196,814. The Project’s completion date was set for December 31, 2018 (“Project Completion Date”).

On July 24, 2018, the State Board approved a permit alteration request for this Project. The alteration resulted in a 4.85% increase in both the Project’s cost and square footage. The Project’s cost increased from \$1,196,814 to \$1,254,860. Since that time, the Permit Holder has come before the State Board two additional times. First, the Permit Holder obtained its first permit renewal at the November 2018 State Board meeting. Second, the Permit Holder was approved for an extension of the financial commitment period at the December 2018 hearing.

Another unforeseen delay has required the Permit Holder to now request a second permit renewal. As explained below in greater detail, the Permit Holder recently discovered that the existing emergency generator must be replaced and the time required to purchase a new generator was much longer than anticipated. The Permit Holder expects delivery of the new generator in mid-June 2019.

Discussion

As required by the State Board regulations, 77 Ill. Adm. Code 1130.740(c), the Permit Holder provides the following: (a) the requested completion date; (b) a status report on the project; (c) a statement as to the reasons why the project has not been completed; and (d) confirmatory evidence by the permit holder's authorized representation that the project's costs and scope comply with the application as approved by the State Board.

(1) Amended Project Completion Date

As noted above, the Permit Holder requests a new Project Completion Date of December 31, 2019. This represents a five-month extension to allow additional time to acquire and install a new emergency generator and to thereafter obtain survey approval of the surgery center's space and clinical components from the Illinois Department of Public Health ("IDPH").

(2) Status Report

The Permit Holder started Project-related construction on December 20, 2019. In an attached letter, provided hereto at Attachment A, the Permit Holder reports that, as of April 1, 2019, 72.7% of the Project's costs have been expended. A line item description of the Project budget, showing the initial project budget, the budget as amended in the July 2018 alteration, and all expenditures made through April 15, 2019 is also attached hereto as Attachment B. The updated project budget on Attachment B shows that 76.9% of the Project's costs have been expended. The Project's construction is nearly complete and the Permit Holder does not expect its final expenditures to exceed the total project cost of \$1,254,860.

(3) Cause of Project Delay

The Project has been delayed due to a setback related to the procurement and installation of a new emergency generator. The 1999 National Fire Protection Association standards ("NFPA 99 Standards") require that a wired annunciator panel be connected with the emergency generator to alarm the inhabitants of the surgery center that the facility is relying on emergency power. See Attachment C, Standard 4.4.1.1.17. The Permit Holder discovered during the construction process that the existing emergency generator could not be hard-wired to the annunciator panel. NFPA 99 Standard 4.4.1.1.17 requires that an annunciator shall be *hard-wired* to the alarm system. The existing emergency generator could be connected with a wireless connection but not hard-wired as required in the NFPA 99 standard. Consequently, the Permit Holder had to order a new generator that can be wired to the annunciator panel.

Since a generator of this type is not readily available, the Permit Holder had to purchase the generator as a special-order item and ask for expedited processing. Even with the expedited order, the vendor, Steiner Power Systems, indicated that it would take up to 16 weeks to get the new generator delivered. According to the vendor's Order Acknowledgment, the new generator's estimated delivery date is June 19, 2019. See attached order form, included as Attachment D.

The Permit Holder must have the generator installed and working before contacting the IDPH to initiate a life safety survey. The IDPH requires the "Final Occupancy Checklist Certifications for Request of Inspection" to be submitted to initiate the life safety survey. Once the request for inspection has been submitted to the state agency, the IDPH has 45 days to review the certificates and then another 30 days to schedule the life safety survey. Only after the Permit Holder passes the life safety survey and submits the required emergency generator certifications will the IDPH schedule a clinical survey. The IDPH then has 30 more days to complete a clinical survey.

If the emergency generator is delivered to the Permit Holder on June 19, 2019 (i.e., the anticipated delivery date), that will put the existing July 31, 2019 project completion date just 43 days away. The IDPH may take up to 105 days to complete both the life safety survey and the clinical survey. This timeline puts completion of the Project well past July 31. Moreover, this timeline assumes that delivery of the new emergency generator will occur on or before June 19. The Permit Holder is hopeful that delivery of the generator will not occur after June 19.

Based on the foregoing, the Permit Holder requests additional time to complete the Project. The Permit Holder believes that a five-month extension provides more than enough time to obtain and install the new emergency generator, thereafter pass the IDPH's life safety and clinical surveys, obtain an ASTC license from the IDPH, and complete all other steps that must be completed prior to the opening of the surgery center.

(4) Authorized Representative's Attestation

Pursuant to 77 Ill. Adm. Code 1130.740(c)(4), Mark Berlin, Chief Operating Officer, acting as the Permit Holder's authorized representative, has executed a letter, attached hereto as Attachment E, which attests that the Project's costs and scope continue to comply with the CON permit application approved by the State Board and that sufficient financial resources remain available to complete the Project.

I respectfully request the State Board to review this CON permit renewal request as soon as possible. Specifically, the Permit Holder requests a hearing at the June 4, 2019 State Board meeting as this hearing date comes before the existing July 31 project completion date. If you have questions, please do not hesitate to contact me via e-mail or telephone. Thank you for your consideration.

Sincerely yours,



Joseph Hylak-Reinholtz
Legal Counsel for Permit Holder

Enclosures

Attachment A

Permit Holder Letter re: Project Expenditures

(see attached)



April 2, 2019

Courtney Avery
Administrator
Illinois Health Facilities and Service Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761

Re: Updated Annual Progress Report for Project #17-058

Dear Ms. Avery:

As required under State Board's regulation, the following details are being provided to fulfill the Annual Progress requirements under 77 Ill. Adm. Code 1130.760:

Construction began on:	December 20, 2018
Projected Project Expense:	\$1,254,860
Architect and Engineering Expense incurred to date:	\$71,278.66
Construction Payments as of January 25, 2019:	\$841,697.07
Project Dollars expended as of April 1 st :	\$912,975.73
Percentage of project costs expend to date:	72.7%
Projected Completion Date:	December 31, 2019

If you should have any questions regarding the information provided in this annual report, please call me or email.

Sincerely,

A handwritten signature in blue ink that reads "Mark F Berlin".

Mark F Berlin, FAMCPE
Chief Operating Officer

ATTACHMENT B

Updated Project Costs and Sources of Funds: Expenditures as of April 15, 2019

PROJECT COSTS AND SOURCES OF FUNDS						
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	ALTERATION 07/24/2018	EXPENDED THRU 04/01/2019	REMAINING FUNDS
Preplanning Costs	\$0	\$0	\$0	\$0	\$0	\$0
Site Survey and Soil Investigation	\$0	\$0	\$0	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0
Off Site Work	\$0	\$0	\$0	\$0	\$0	\$0
New Construction Contracts	\$0	\$0	\$0	\$0	\$0	\$0
Modernization Contracts	\$0	\$0	\$0	\$0	\$0	\$0
Contingencies	\$0	\$0	\$0	\$0	\$0	\$0
Architectural/Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0
Consulting and Other Fees	\$0	\$0	\$0	\$0	\$0	\$0
Movable or Other Equipment (not in construction contracts)	\$0	\$0	\$0	\$0	\$0	\$0
Bond Issuance Expense (project related)	\$0	\$0	\$0	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$0	\$0	\$0	\$0	\$0	\$0
Fair Market Value of Leased Space	\$434,719	\$394,595	\$829,314	\$887,360	\$947,794	[\$60,434]
Fair Market Value of Leased Equipment	\$245,250	\$104,750	\$350,000	\$350,000	\$0	\$350,000
Other Costs To Be Capitalized	\$9,173	\$8,327	\$17,500	\$17,500	\$17,500	\$0
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$689,142	\$507,672	\$1,196,814	\$1,254,860	\$965,294	\$289,566
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	ALTERATION 07/24/2018	EXPENDED THRU 04/01/2019	REMAINING FUNDS
Cash and Securities	\$9,173	\$8,327	\$17,500	\$17,500	\$17,500	\$0
Pledges	\$0	\$0	\$0	\$0	\$0	\$0
Gifts and Bequests	\$0	\$0	\$0	\$0	\$0	\$0
Bond Issues (project related)	\$0	\$0	\$0	\$0	\$0	\$0
Mortgages	\$0	\$0	\$0	\$0	\$0	\$0
Leases (fair market value) Space & Equipment	\$679,969	\$499,345	\$1,179,314	\$1,237,360	\$947,794	\$289,566
Governmental Appropriations	\$0	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$0	\$0	\$0	\$0	\$0
Other Funds and Sources	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL SOURCES OF FUNDS	\$689,142	\$507,672	\$1,196,814	\$1,254,860	\$965,294	\$289,566

Attachment C

NFPA 99 Standards

(see attached)

Table 4.4.1.1.16.2 Safety Indications and Shutdowns

Indicator Function (at Battery Voltage)	Level 1		
	C.V.	S.	R.A.
(f) Low lube oil pressure	X	X	X
(g) Overspeed	X	X	X
(h) Low fuel main tank	X		X
(i) Low coolant level	X	O	X
(j) EPS supplying load	X		
(k) Control switch not in automatic position	X		X
(l) High battery voltage	X		
(m) Low cranking voltage	X		X
(n) Low voltage in battery	X		
(o) Battery charger ac failure	X		
(p) Lamp test	X		
(q) Contacts for local and remote common alarm	X		X
(r) Audible alarm silencing switch			X
(s) Low starting air pressure	X		
(t) Low starting hydraulic pressure	X		
(u) Air shutdown damper when used	X	X	X
(v) Remote emergency stop		X	

C.V.: Control panel-mounted visual. S.: Shutdown of EPS indication. R.A.: Remote audible. X: Required. O: Optional.

Notes:

1. Item (p) shall be provided, but a separate remote audible signal shall not be required when the regular work site in 5.6.6 of NFPA 110 is staffed 24 hours a day.
2. Item (b) is not required for combustion turbines.
3. Item (r) or (s) shall apply only where used as a starting method.
4. Item (j): EPS ac ammeter shall be permitted for this function.
5. All required C.V. functions shall be visually annunciated by a remote, common visual indicator.
6. All required functions indicated in the R.A. column shall be annunciated by a remote, common audible alarm as required in 5.6.5.2(4) of NFPA 110.
7. Item (i) on gaseous systems shall require a low gas pressure alarm.
8. Item (b) shall be set at 11°C (20°F) below the regulated temperature determined by the EPS manufacturer as required in 5.3.1 of NFPA 110.

4.4.1.1.17 Alarm Annunciator. A remote annunciator, storage battery-powered, shall be provided to operate outside of the generating room in a location readily observed by operating personnel at a regular work station (*see Section 700.12 of NFPA 70, National Electrical Code*). The annunciator shall be hard-wired to indicate alarm conditions of the emergency or auxiliary power source as follows:

- (1) Individual visual signals shall indicate the following:
 - (a) When the emergency or auxiliary power source is operating to supply power to load
 - (b) When the battery charger is malfunctioning

- (2) Individual visual signals plus a common audible signal to warn of an engine-generator alarm condition shall indicate the following:
- (a) Low lubricating oil pressure
 - (b) Low water temperature (below those required in 4.4.1.1.11)
 - (c) Excessive water temperature
 - (d) Low fuel — when the main fuel storage tank contains less than a 4-hour operating supply
 - (e) Overcrank (failed to start)
 - (f) Overspeed

4.4.1.1.17.1* A remote, common audible alarm shall be provided as specified in 4.4.1.1.17.4 that is powered by the storage battery and located outside of the EPS service room at a work site observable by personnel. [110:5.6.6]

4.4.1.1.17.2 An alarm-silencing means shall be provided, and the panel shall include repetitive alarm circuitry so that, after the audible alarm has been silenced, it reactivates after the fault condition has been cleared and has to be restored to its normal position to be silenced again. [110:5.6.6.1]

4.4.1.1.17.3 In lieu of the requirement of 5.6.6.1 of NFPA 110, a manual alarm-silencing means shall be permitted that silences the audible alarm after the occurrence of the alarm condition, provided such means do not inhibit any subsequent alarms from sounding the audible alarm again without further manual action. [110:5.6.6.2]

4.4.1.1.17.4 Individual alarm indication to annunciate any of the conditions listed in Table 4.4.1.1.16.2 shall have the following characteristics:

- (1) Battery-powered
- (2) Visually indicated
- (3) Have additional contacts or circuits for a common audible alarm that signals locally and remotely when any of the itemized conditions occurs
- (4) Have a lamp test switch(es) to test the operation of all alarm lamps

4.4.1.2 Battery. Battery systems shall meet all requirements of Article 700 of NFPA 70, *National Electrical Code*.

4.4.2* Distribution (Type 1 EES).

4.4.2.1 General Requirements.

4.4.2.1.1 Electrical characteristics of the transfer switches shall be suitable for the operation of all functions and equipment they are intended to supply.

4.4.2.1.2 Switch Rating. The rating of the transfer switches shall be adequate for switching all classes of loads to be served and for withstanding the effects of available fault currents without contact welding.

Copyright NFPA

Attachment D

Emergency Generator Order Acknowledgment

(see attached)

Order Acknowledgement

Customer: March 1 Electric

Job Name: Premier Cardio ASTC

PO #: 022219

Steiner Order Number: S006290374

This is to acknowledge that Steiner Power Systems has ordered the equipment described under your purchase order.

- **The estimated delivery for the Kohler generator is: June 19, 2019.**
- If your company fails to take delivery within 15 days of the above date, storage fees may be imposed of up to \$100 per day.
- Unless otherwise stated in our quotation, your price includes generator start-up. This start-up includes all necessary parts, fluids, labor and travel during normal working hours. Other than normal working hours, weekends or holidays will be billed at our published labor rate. Pre-Startup Inspection Checklist must be completed and returned to the Sales Department at fax 847-956-5013. Power Systems Technicians are not responsible for electrical interconnections, diesel fuel, fuel connections or phase rotation. All power and control wiring is the responsibility of others. If your company is not prepared for the scheduled start-up, you will be billed additional labor charges. Warranty will commence upon completion of the generator startup. No extensions beyond this date are permitted by the manufacture regardless of specification requirements or project conditions.
- Steiner Power Systems is not responsible for any labor or material charges by others associated with the start-up and installation of this equipment unless previously agreed upon.
- If training is not completed at time of start-up or negotiated in advance, an additional cost of \$105 per hour plus travel will apply.
- Steiner Power Systems is not responsible for any consequential, special, indirect or liquidated damages hereunder or for any manufacture or other delays beyond the control of Powertron.
- Units ship FOB Factory and unless otherwise stated in our quotation, freight is allowed to the job-site. No unload is provided and any costs for craning, rigging, moving or unloading are the customer's responsibility. Any additional time the driver must wait for offloading equipment is subject to additional billing.

Attachment E

Permit Holder Representative Certification

(see attached)



April 2, 2019

Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761
Attention: Courtney Avery, Administrator

Re: Attestation of Authorized Representative

Dear Ms. Avery:

On behalf of certificate of need ("CON") permit holder Premier Cardiac Surgery Center, LLC ("CON Permit Holder"), I, acting as the Permit Holder's authorized representative, hereby attest that the project to establish a single-specialty ambulatory surgical treatment center in leased space, approved by the Illinois Health Facilities and Services Review Board ("State Board") on February 27, 2018, as amended on July 24, 2018, remains on budget and will not exceed the stated costs reported to the State Board. I further attest that sufficient financial resources remain available to complete the Project.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Mark Berlin".

Mark Berlin
Chief Operating Officer/Authorized Representative
Premier Cardiac Surgery Center, LLC

NOTARY:

Subscribed and sworn to me this 3rd day of APRIL, 2019

A handwritten signature in black ink that reads "Agnes A. Damon".

Notary Public

Seal:

