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HEALTH FACILITIES &  
SERVICES REVIEW BOARD

May 31, 2012

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

Re: Permit Renewal Request (Section 1130.740)  
Project #09-068  
Pinckneyville Community Hospital Replacement

Dear Ms. Avery,

As noted in our March 25, 2011 letter to Mr. Galassie regarding our Annual Progress Report and Obligation Period Extension Request, we anticipated filing a Permit Renewal Request due to project financing considerations. Based on this letter, our obligation period was extended by the State Agency to October 20, 2012 and we know it necessary to renew our Permit and respectfully request such consideration. A Permit Renewal is necessary in that the project is not yet financed.

The information which follows responds to Part 1130, Section 1130.740(d), Renewal of a Permit.

(d.1) Requested Completion Date (October 1, 2014)

As you are aware from our recent correspondence with the State Agency, we are pursuing project financing through the USDA and are preparing an Alteration Permit which will reduce the project scope. In addition, we have a letter on file requesting a declaratory ruling from the Review Board regarding the current obligation date for the project. Our current financial advisors have prepared a debt capacity study indicating the potential to

finance a smaller project and they are now completing a more in-depth financial analysis for both USDA and State Agency use.

Our originally approved project completion date was expected to be June 30, 2012. Given financing considerations and the underlying assumptions included in our debt capacity study, the revised replacement hospital occupancy date is anticipated to be April 14, 2014 with an expected project completion date of October 1, 2014.

(d.2) Status Report

To date, funds expended on the approved project are \$2,803,075 which is 6% of the originally approved \$46,624,405 permit amount. Our soon to be filed Alteration Permit request envisions an approximate \$31,187,575 project which is approximately 33% less than originally approved, but within our expected financial capability.

We have completed plans, construction costs have been established based on contractor bids, and we have IDPH approval of the construction drawings based on the original project. In summary, we are essentially prepared to begin construction / implementation once financing is secured.

(d.3) Statement regarding completion

The project has not been completed solely due to financing considerations as previously disclosed to the State Agency in various correspondences.

(d.4) Evidence the project scope is in compliance with HFPB approvals and sufficient financial resources are available to complete the project

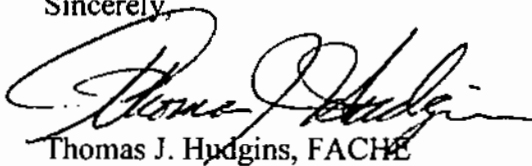
Our current facility plans and construction cost estimates are based on a smaller project which will be delineated in the Alteration Permit which will be filed in early June 2012

At this juncture, in addition to a Hospital equity contribution and an Illinois Capital Grant, we are anticipating USDA funding for this project. However, confirmation has not yet been secured for project financing although our debt capacity study and in-process financial feasibility analysis indicate financial resources can be made available for the proposed reduced project scope. We cannot, however, at this time assure the State Agency that adequate resources will be available. We require additional time to secure such assurances.

We respectfully request a Permit Renewal until October 1, 2014 so that we can fully explore our options to implement this much needed replacement hospital facility. The unexpected turmoil in the financial markets which resulted in severely restricted access to capital is the major hurdle we face in implementing the project.

Our check in the amount of \$1,000 is enclosed as a Permit Renewal processing fee. Please contact me at [thudgins@pvillehosp.org](mailto:thudgins@pvillehosp.org) or by phone at 618-357-5901 if additional information is required.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Hudgins". The signature is fluid and cursive, with a large initial "T" and "H".

Thomas J. Hudgins, FACHE  
Chief Executive Officer

CC: Mike Constantino  
Ed Parkhurst, PRISM Healthcare Consulting

Pinckneyville Community Hospital  
Funded Depreciation Account

Check #902

May 31, 2012

70-533/819

Date

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Order of

Illinois Department of Public Health

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For CON Renewal Fee 09-068

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*Patricia Shotton*

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