



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-03	BOARD MEETING: January 15, 2019	PROJECT NUMBER: 15-008
PERMIT HOLDER(S): Applewood Property, LLC Applewood Rehabilitation Center, LLC		
FACILITY NAME and LOCATION: Applewood Rehabilitation Center, Matteson		

STATE AGENCY REPORT
PERMIT RENEWAL REQUEST

I. Background

On June 3, 2015, the State Board approved Project #15-008. The permit authorized a major modernization/construction project on the campus of Applewood Rehabilitation Center, Matteson. The State Agency notes the project is obligated, and the current project completion date is December 31, 2018. Project cost: \$10,270,327.

State Board Staff notes the permit holders submitted the permit renewal request on December 31, 2018. This submittal was not 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 and a \$500.00 late fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the second renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal. Record show that the permit holders were granted a 12-month permit renewal request on November 21, 2017, extending the project completion date from December 31, 2017 to December 31, 2018. Board Staff also notes on July 2, 2018, the permit holders reported the overall project costs exceeding the approved permit amount by \$1,929,673 or 18.7%. The reported overall project cost increased from \$10,270,327 to \$12,200,000. The permit holders are currently negotiating terms of settlement for this unauthorized cost overrun.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of June 30, 2019. This would extend the project's completion date six months, from December 31, 2018 to June 30, 2019.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the construction phase is complete, and safety/nursing inspections and licensure remain.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the design of a suitable rain water retention system and an exceptionally wet spring construction season delayed the project initially, and as a result, delayed the licensure/inspection processes slightly. The permit holders anticipate project completion to occur before the requested completion date of June 30, 2019.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that approximately \$11,990,128 (98.3% of the total project cost) has been expended to date and 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 increased project cost of \$12,200,000.

IV. Project Description & Other Background Information

The permit authorized a major construction/modernization/expansion project on the campus of Applewood Rehabilitation Center, Matteson. Project cost: \$12,200,000.

Permit Issuance Date:	June 3, 2015
Project Obligation Date:	July 19, 2016
Original Project Completion Date:	December 31, 2017
Proposed Project Completion Date: (12-month renewal request)	December 31, 2018
Proposed Project Completion Date: (6-month renewal request)	June 30, 2019

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.

FOLEY & ASSOCIATES, INC.

Charles H. Foley, MHSA
cfoley@foleyandassociates.com

John P. Kniery
jkniery@foleyandassociates.com

HAND DELIVERED

December 31, 2018

Courtney Avery, Administrator
Illinois Health and Services Review Board
Illinois Department of Public Health
525 West Jefferson Avenue, 2nd Floor
Springfield, Illinois 62761

RECEIVED

DEC 31 2018

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

**Re: Permit No.15-008, Applewood
Rehabilitation Center**

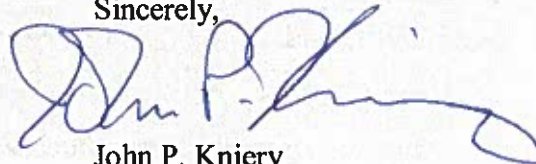
Dear Ms. Avery,

I am writing to request for a second permit renewal. The permit expires December 31, 2018. While construction is complete, we will need additional time to receive licensing. We feel that a six-month renewal to June 30, 2019 would be adequate. Please note that in total the project has only been extended for 18 months should this permit renewal be granted.

The construction of the project is complete. The Applicant has received approval by Life Safety and is awaiting Licensure. It is estimated that this process should be completed before June 30, 2019. Attached, as **EXHIBIT I**, is the current cost and sources of funds chart providing the total dollars spent to date as a percentage of the project.

Enclosed herein is a check made payable to the Illinois Department of Public Health for the processing of this request.

Sincerely,



John P. Kniery
Health Care Consultant

ENCLOSURES

C: Kirsten Barrish-Schloss
Tom Winter
Joe Ourth



Applewood Rehabilitation Center
Project #15-008

Project Costs and Sources of Funds

Complete the following table listing all costs associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL	Expended to Date	% of Total
Preplanning Costs	\$27,104.92	\$17,895.08	\$45,000.00	\$44,365.00	98.59%
Site Survey and Soil Investigation	\$20,479.27	\$13,520.73	\$34,000.00	\$37,200.00	109.41%
Site Preparation	\$16,865.28	\$11,134.72	\$28,000.00	\$27,307.00	97.53%
Off Site Work	\$124,682.62	\$82,317.38	\$207,000.00	\$206,592.00	99.80%
New Construction Contracts	\$4,580,731.14	\$3,024,268.86	\$7,605,000.00	\$7,565,905.00	99.49%
Modernization Contracts	\$1,285,977.78	\$849,022.22	\$2,135,000.00	\$2,124,025.00	99.49%
Contingencies	\$29,514.24	\$19,485.76	\$49,000.00	\$0.00	0.00%
Architectural/Engineering Fees	\$481,865.21	\$318,134.79	\$800,000.00	\$740,135.00	92.52%
Consulting and Other Fees	\$30,116.58	\$19,883.42	\$50,000.00	\$44,108.00	88.22%
Movable or Other Equipment				\$0.00	0.00%
Bond Issuance Expense	\$88,542.73	\$58,457.27	\$147,000.00	\$150,127.00	102.13%
Net Interest Expense During Construction	\$228,885.97	\$151,114.03	\$380,000.00	\$386,934.00	101.82%
Fair Market Value of Leased Space or Equipment				\$0.00	0.00%
Other Costs to be Capitalized	\$433,678.69	\$286,321.31	\$720,000.00	\$663,430.00	92.14%
Acquisition of Building or Other Property				\$0.00	0.00%
TOTAL USES OF FUNDS	\$7,348,444.43	\$4,851,555.57	\$12,200,000.00	\$11,990,128.00	98.28%
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL		
Cash and Securities	\$1,023,963.57	\$676,036.43	\$1,700,000.00	\$1,700,000.00	100.00%
Pledges				\$0.00	0.00%
Gifts and Bequests				\$0.00	0.00%
Bond Issues				\$0.00	0.00%
Mortgages	\$6,324,480.86	\$4,175,519.14	\$10,500,000.00	\$10,290,128.00	98.00%
Leases				\$0.00	0.00%
Governmental Appropriations				\$0.00	0.00%
Grants				\$0.00	0.00%
Other Funds and Sources				\$0.00	0.00%
TOTAL SOURCES OF FUNDS	\$7,348,444.43	\$4,851,555.57	\$12,200,000.00	\$11,990,128.00	98.28%