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December 26, 2019

VIA OVERNIGHT DELIVERY

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

Re: Second Permit Renewal Request: #15-026, Vista Medical Center – East, Waukegan

Dear Ms. Avery:

Per 77 Ill. Adm. Code Section 1130.740, we are requesting a second permit renewal for Project #15-026. A check in the amount of \$1,000 for the renewal fee (\$500) and late application fee (\$500) is enclosed.

1) The requested completion date:

We are requesting a permit renewal and project completion date of June 30, 2022. The current project completion date based on the first permit renewal is December 31, 2019.

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:

This project was approved by the Review Board on August 26, 2015. It is a non-substantive modernization of the hospital's medical-surgical and pediatric beds to provide for private rooms. The project cost is \$17,810,634 and includes 65,110 gsf.

As addressed more fully in paragraph 3 below, a capital hold had been placed on the project. Funds have now been made available for the project that would allow the project to proceed.

The status of the project is as follows:

- a. The project costs incurred to date are \$833,035 and the project is approximately 5% complete.
- b. Project design is complete, construction contracts have been signed and initial construction has commenced.

- c. The following components remain to be finished: most of the modernization contracts and equipment purchase.

3) A statement as to the reasons why the project has not been completed:

Following permit approval, the project was put on hold by Quorum Health Corporation, the parent entity of Vista Medical Center – East (“Vista – East”) and a permit holder. This was due to the need to conserve capital. Vista-East has a significant Medicaid population: in 2018, Vista – East’s Medicaid patients accounted for 37.7% of inpatients and 41.9% of outpatients. In recent years, the State has been very back-logged on Medicaid payments. These factors combined contributed to the internal hold on the project. Vista – East remains in need of the approved modernization. The permit holders are committed to the project, and funding is being made available by Quorum to Vista – East to now proceed with the project. The reason for the requested June 30, 2022 completion date is that Vista – East plans to complete the project in phases as to spread the capital outlay over consecutive years in lieu of one.

4) Confirmatory evidence by the permit holder’s authorized representative that the project’s costs and scope are in compliance with what HFSRB approved and that sufficient financial resources are available to complete the project:

Included with this letter is the certification of Norman Stephens, President and CEO of Vista Medical Center – East, that the project is currently within the approved project costs and scope, and that sufficient financial resources are available to complete the project.

If you have any questions, please feel free to contact me at 312-214-4861 or at dlawler@btlaw.com.

Very Truly Yours,

BARNES & THORNBURG LLP

A handwritten signature in cursive script, appearing to read "Daniel Lawler / dp".

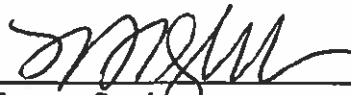
Daniel Lawler

Enclosure

Certification of Project Scope and Funding


The undersigned confirms that Project #15-026, Vista Medical Center – East is currently within the project costs and scope approved by the Illinois Health Facilities and Services Review Board and that sufficient financial resources are available to complete the project. The project had been subject to a capital hold by the hospital's corporate parent, Quorum Health Corporation ("Quorum"). Quorum has made \$5 million in capital immediately available to Vista Medical Center – East to continue with construction of the project and has further committed to making the balance of the project costs available to Vista – East by December 31, 2020.

Dated: December 26, 2019



Norman Stephens
President and CEO
Vista Medical Center - East

NOTARY



Subscribed and sworn to
this 26 day of December, 2019

