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**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

November 6, 2017

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

**Re:** Permit Renewal Request, Permit #15-044,  
Transformative Health of McHenry

Dear Ms. Avery,

On June 21, 2016 the Illinois Health Facilities and Services Review Board (HFSRB) approved Project #15-044, the permit for Transformative Health of McHenry (THM) to establish a 98-bed General Long-Term Nursing Care (GLTNC) facility at Corner of Bull Valley Road and Lawrence Parkway, McHenry, Illinois in 68,586 Gross Square Feet (GSF) with a total project cost of \$19,275,829. This letter is submitted in accordance with the 77 IAC 1130.740(c), seeking a permit renewal for the above listed project

**1. Requested Completion Date**

The above referenced permit is set to expire on December 31, 2017 (See Permit Letter, attached as EXHIBIT A). We respectfully request a new project completion date of December 31, 2018. This should provide sufficient time to address the outstanding issues and appropriate completion of this project.

**2. Status Report**

The proposed Project site proved to have an unknown wetland encroachment issue that required additional research and problem solving by the Applicant. This was not known at the time the application was submitted or the permit approved. Wetland remediation alternatives were too expensive to consider resulting in the need to explore alternate sites for the Project on the hospital campus. See attached civil reports provided by GreenbergFarrow dated November 7, 2016. On April 13, 2017, Centegra Health Systems informed the applicant that no suitable alternative site would be available for the project on the hospital campus. The applicant has maintained open communication with the HFSRB about these circumstances and continues to pursue alternative for this project understanding that permits are site specific and contingent upon Board approval.

Ms Courtney Avery, Administrator  
November 6, 2017  
Page Two

3. **Reasons Project Has Not Been Completed**

But for the wetland issues, this project would be complete. The commitment and wherewithal are all present. These issues as they stand would require a modification of the permit either in terms of project cost or alternately project size. Overcoming these concerns have been communicated via the last Annual Progress Report (APR) to the State.

4. **Verification**

The proposed project size and scope remain consistent, yet dependent upon influences of potential alternatives.

Additionally, enclosed herein is a check for \$500.00 made payable to the Illinois Department of Public Health for the processing of this request.

Sincerely,



Gerry Jenich, Manager  
TCO JV, LLC

**ENCLOSURES**

C: John P. Kniery



STATE OF ILLINOIS  
**HEALTH FACILITIES AND SERVICES REVIEW BOARD**

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

June 22, 2016

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Gerry Jenich, Manager  
TCO JV, LLC  
7257 N. Lincoln Avenue  
Lincolnwood, IL 60712

**Re: Project Number: #15-044**  
**Facility Name: Transformative Health of McHenry**  
**Facility Address: Corner of Bull Valley Rd & Lawrence Pky, McHenry, Illinois**  
**Applicants: MS McHenry, LLC – TCO JV, LLC – Mainstreet Property Group, LLC**  
**Permit Holder(s): TCO JV, LLC d/b/a Transformative Health Network**  
**Licensee/Operating: TCO JV, LLC d/b/a Transformative Health Network**  
**Owner(s) of Site: MS McHenry, LLC**  
**Project Description: Construct and establish a 98 bed General long term care facility in 68,586 GSF.**  
**Permit Amount: \$ 19,275,829**  
**Permit Conditions: None**  
**Project Obligation Date: April 21, 2018**  
**Project Completion Date: December 31, 2017**  
**Annual Progress Report Due Date: June 21, 2017**

Dear Mr. Jenich:

On June 21, 2016, the Illinois Health Facilities and Services Review Board approved the application for permit for the above referenced project. This approval was based upon the substantial conformance with the applicable standards and criteria in the Illinois Health Facilities Planning Act (20 ILCS 3960) and 77 Illinois Administrative Codes 1110 and 1120.

*In arriving at a decision, the State Board adopted the State Board staff's report and findings, and when applicable, considered the application materials, public hearing testimony, public comments and documents, testimony presented before the Board and any additional materials requested by State Board staff.*

This permit is valid only for the defined construction or modification, site, amount and the named permit holder and is **not transferable or assignable**. In accordance with the Planning Act, the permit is valid until such time as the project has been completed, provided that all post permit requirements have been fulfilled, pursuant to the requirements of 77 Illinois Administrative Code 1130 and may result in an invalidation of the permit, sanctions, fines and/or State Board action to revoke the permit.

The permit holder is responsible for complying with the following requirements in order to maintain a valid permit. Failure to comply with the requirements may result in expiration of the permit or in State Board action to revoke the permit.

**3. OBLIGATION-PART 1130.720**

The project must be obligated by the **Project Obligation Date**, unless the permit holder obtains an "Extension of the Obligation Period" as provided in 77 Illinois Administrative Code 1130.730.

Obligation is to be reported as part of the first annual progress report for permits requiring obligation within 12 months after issuance. For major construction projects which require obligation within 24 months after permit issuance, obligation must be reported as part of the second annual progress report. If project completion is required prior to the respective annual progress report referenced above, obligation must be reported as part of the notice of project completion. The reporting of obligation must reference a date certain when at least 33% of total funds assigned to project cost were expended or committed to be expended by signed contracts or other legal means.

2. ANNUAL PROGRESS REPORT-PART 1130.760

An annual progress report must be submitted to HFSRB every 12<sup>th</sup> month from the permit issuance date until such time as the project is completed.

3. PROJECT COMPLETION REQUIREMENTS-PART 1130.770


The requirements for a compliant Final Realized Costs Report are defined in the State Board's regulations under 77 Ill. Adm. Code 1130.770. Effective June 1, 2013, substantive changes to the 77 Ill. Adm. Code 1130 rules went into effect. Please be advised that permit holders should follow the direction in Section 5 of the Act regarding deadlines for submitting post-permit reporting requirements and disregard the deadline language in 77 Ill. Adm. Code 1130.770.

This permit does not exempt the project or permit holder from licensing and certification requirements, including approval of applicable architectural plans and specifications prior to construction.

**Please note that the Illinois Department of Public Health will not license the proposed beds until such time as all of the permit requirements have been satisfied.**

Should you have any questions regarding the permit requirements, please contact Mike Constantino at [mike.constantino@illinois.gov](mailto:mike.constantino@illinois.gov) or 217-782-3516.

Sincerely,



Kathy J. Olson, Chairwoman  
Illinois Health Facilities and Services Review Board

cc: Courtney Avery, Administrator

21 South Evergreen Avenue  
Suite 200  
Arlington Heights, IL 60005  
t: 847 788 9200

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# GreenbergFarrow

## Memorandum

November 7, 2016

<b>To</b> Rod Musselman, Development Manager Mainstreet 14390 Clay Terrace Boulevard Suite 205 Carmel, IN 46032	<b>Project</b> MS McHenry IL - SWQ of Bull Valley Road and Lawrence Parkway <b>Project #</b> GF # 20161419.0 <b>From</b> Margaret Blum <b>Re</b> Additional Due Diligence/Entitlement Investigation <b>Copies</b> Matt Walsh, GreenbergFarrow Jeff Rath, GreenbergFarrow
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Below and attached is information related to additional due diligence and entitlement investigation completed on Mainstreets' behalf for the project site located at the SWQ of Bull Valley Road and Lawrence Parkway in McHenry, IL.

### Due Diligence/Preliminary Entitlements

On October 25, 2016, a site visit was conducted by the GreenbergFarrow team. In addition, two (2) meetings were held on that day with Centegra Hospital and the City of McHenry. A summary of the discovery items from each of these meetings is outlined below.

#### Centegra Hospital - Mr. Matthew Dedo, Director of Support Services

- Per Mr. Dedo, any proposed site plan/elevations/conceptual landscape must be presented to Centegra for review and approval *prior* to any submission to the City;
- Mr. Dedo, Centegra COD, Vice President of Finance and Hospital Attorney - Aaron Shipley are responsible for review of the plans;
- Review/approval can be completed within two (2) weeks however, if Attorney Shipley determines that review by the Hospital Board is necessary, an additional two (2) weeks for Board approval will be required;
- Plans can be submitted via email in PDF format and personal presentation of the plans is unnecessary;
- Centegra has requested to receive copies of any subsequent submittals to the City for informative purposes;
- Final plans should be submitted as a courtesy, concurrent with City submission;
- With respect to site layout, site access along Lawrence Parkway would be acceptable provided impact to existing ornamental trees is kept to a minimum. \*

\*Note: Per subsequent communication between Mainstreet and Attorney Shipley on October 31<sup>st</sup>, Centegra will not allow site access along Lawrence Parkway- building front is to be oriented to Medical Center Drive.

City of McHenry - Douglas Martin, Dir. Of Economic Development, Ross Palarecky, Dir. Of Community Development, Chad Peiper, PE, HR Green (City Civil Engineering Consultant), City Department Heads

#### Entitlement Process:

- Circulation Plan Major Amendment/Conditional Use
  - Application fee of \$950 is due at time of submission;
  - Major Amendment can be submitted concurrently with Plat submission however; submission must follow the Conditional Use process.

- Submission must include: site plan showing site dimensions, parking, setbacks and landscape areas – one (1) original copy of plans and application plus fifteen (15) sets of plans are required;
- Staff, Plan Commission and City Council review/approval will be required - public notices must be prepared by the applicant.
- Plat Process
  - Plat submission can be Preliminary/Final to expedite the process OR can submit Preliminary Plat concurrent with Conditional Use;
  - Application Fee is due at the time of submission and is \$450+\$450 for the first 2 acres plus \$10 for each additional acre - administrative fee (for site over 10 acres) is \$500 per acre;
  - Submission shall include five (5) full size sets of plans and plat for staff review. Once reviewed by staff (15) 11x17 plat sets are required for Plan Commission meeting;
  - Plat submission must include:
    - ✓ Plat
    - ✓ Survey
    - ✓ Tree Survey
    - ✓ Engineering Plans (Include auto-turn diagram for firetruck)
    - ✓ Sanitary Sewer Calculations
    - ✓ Storm Sewer Calculations
    - ✓ Soils map and analysis report prepared by MCSWCD
    - ✓ Water calculations regarding fire hydrant flow and water pressure
    - ✓ Wetland Report
    - ✓ EOPC
    - ✓ Copy of application/permits from outside agencies
    - ✓ Landscape
    - ✓ Lighting
  - Staff, Plan Commission and City Council review/approval will be required - public notices must be prepared by the applicant.

FedEx submissions are acceptable - no need for hand delivery of submissions;

The City indicated that Mainstreet should anticipate about a 2-month Entitlement approval process.

**Building Permit, Tap/Connection/Meter Fees:**

- Building permit submission can be made prior to final CU/Plat approval however; permit will not be released until Plat and Circulation plan are approved;
- Electronic signatures/stamps are acceptable;
- Building permit fees are due at the time of submission – Mainstreet should anticipate approximately \$4,000 plus \$215 for plumbing review fee plus \$1.5 per plumbing fixture;
- Water and sewer connection fees are significant - \$108,502 for 3" meter and \$252,869 for 3" meter;
- Meter costs and tap fees for water and sewer are \$2750 each for 3" service and \$3,950 each for 4" service.

**Site Layout Comments:**

- Regarding stormwater, ditch along north side of site is to be maintained;
- SWQ/BMPs are desired, where possible but not required;
- Three-sided fire access/circulation internal to the site is acceptable;
- Proposed driveway(s) should align with hospital driveways along Medical Center Drive, if possible;
- If driveway is proposed along Lawrence Parkway, a 300' offset distance from Bull Valley Road should be provided;
- Retaining walls over 4 feet, retaining wall design requires structural engineer's sign and seal;
- Retaining walls over 30 inches require fall protection;
- City would prefer they could have access to the meter room;
- Parking requirement is .25 spaces/person design capacity;
- Sidewalks are required along Lawrence and Medical Center Drive – must be 5' wide with a parkway or 7' wide if placed at back of curb;
- Traffic Impact Analysis is required to identify flows in/out and peak impact per shift changes;
- Truck-turn exhibit is required to demonstrate adequate circulation for fire trucks;

**Utilities:**

- City indicated Mainstreet would need to engage a private contractor for flow tests of the hydrants near the site – the city would need to be present during the tests; *[Note: Centegra indicated the City water delivery pressure to their facilities is 34 PSI and they have fire pumps to compensate.]*
- For utility service, the following lines were recommended options for tap/connection:
  - 12" Water main on west side of Lawrence Parkway;
  - 10" sanitary sewer main in center of Lawrence Parkway;

- 8" sanitary sewer main on north side of Medical Center Drive;
- Electric and telephone on west side of Lawrence Parkway and north side of Medical Center Drive;
- Gas main on north side of Medical Center Drive;
- 21" Storm Sewer pipe on the east side of Lawrence parkway with street inlets on the west side of Lawrence;
- 12" increasing to an 18" Storm Sewer pipe on the north side of Medical Center Drive.

Preliminary Project Schedule: Attached please find a Preliminary Project Schedule prepared to outline the approval and permitting process through anticipated construction start. The schedule is "aggressive but possible" and relies upon the following assumptions:

- Title work is received by 11/29/16;
- Due diligence consultants are authorized to proceed by 11/15/16;
- Schematic Architectural Plans can be completed by 12/26/16;
- Centegra Hospital Board review/approval of site plan is not required;
- Preliminary/Final Subdivision process is utilized to expedite the approval process;
- City review timeframes are not impacted by other projects/City workload;
- Design Development Plans thru 95% Bid/Permit Set are prepared "at risk" – prior to completion of entitlement approvals;
- Building Permit submission occurs "at risk" - prior to completion of entitlement approvals.

#### Wetland Preliminary JD/Mitigation Options

Wetland consultant performed a site visit on November 24, 2016. Field observations and GPS data collection was conducted to determine Preliminary Jurisdictional Determination (JD) and to better define the limits of existing wetlands on the site. A Wetland Preliminary JD/Mitigation review letter was received on Monday, November 1<sup>st</sup> (attached) and a summary of findings is outlined below:

- Approx. size of ex. wetlands is 1.13 acres;
- The existing wetland is believed to be isolated;
- If wetland impacts can be reduced to .10 acres or less, mitigation will not be required;
- JD authority must be determined by ACOE - per consultant, *application should be submitted ASAP to the Corp for jurisdictional determination – County or ACOE* (Task 10a of PSA: \$690);
- If the wetland is isolated:
  - Subject to McHenry County Watershed Development Ordinance;
  - Approval timeframe is 4-6 months - final engineering plans will be needed to make submission;
  - Hydro-period analysis is required;
  - Avoidance Minimization Analysis is required;
  - Buffer Mitigation Plan is required;
  - Must preserve 80%-150% of current hydrology (If portions of the existing wetland are to remain);
  - Consultant may need to return to site after May 15th to FQI evaluation and send supplemental data to County to update permit.
- If the wetland hydrology is connected to waters of US:
  - Subject to the conditions of an ACOE Regional Permit;
  - Approval timeframe is 6-8 months - final engineering plans will be needed to make submission;
  - Avoidance Minimization Analysis required.
- SWPPP plan will need to be approved by MCSWCD;
- A wetland buffer of 50 ft. will be required for any wetland area to remain;
- Mitigation options are available starting at a 1:1 mitigation ratio within the watershed;
- Mitigation costs vary from \$75,000 to \$113,000 per acre, depending on whether the wetland bank is certified or uncertified. Wetland mitigation at an "uncertified" bank is required at a 1.5:1 ratio;
- Cost for consultant preparation/coordination of wetland permitting process is approximately \$9,000.

#### Preliminary Geotechnical Investigation

Preliminary geotechnical investigation is currently on hold pending execution of the Access Agreement and authorization to proceed by the Seller.

#### Site Planning & Conceptual Civil Engineering

The site layout has been revised to reflect Mainstreet typical requirements for site circulation and parking (90 stalls) – the entire acreage (11.8 acres) is now presumed to be purchased as part of the development. Two alternate layouts have been generated to assess rough cut/fill impacts, the potential for balanced earthwork and possible minimization of wetland impacts. The findings for each scheme are outlined below.

#### Fit Plan 1 (CF-1):

- Layout is shifted as far south as possible to avoid minimize wetland impacts;
- Significant fill will be required due to road elevations along Medical Center Drive;
- Underground detention is anticipated per County stormwater requirements;

- Retaining wall will be required along the north side of proposed improvements to limit wetland impacts;
- Cost implications are –
  - 90,000 cu-yds of import @ \$18/yd = \$1,620,000
  - 3.0 ac-ft Underground detention @ \$300,000/ac-ft = \$900,000
  - 300 lf of 20' wall @ \$30/sf = \$180,000

Note: There may be enough room to locate surface detention north of the building if Mainstreet mitigates the entire wetland however, complete elimination of the wetland may not be viewed positively by the JD agency. There may also be opportunities to reduce earthwork. These items can be pursued should Mainstreet wish to move forward with this scheme.

Fit Plan 2 (CF-2):

- Layout is shifted to the center of the site to improve cut/fill;
- Significant fill will be required due to road elevations along Medical Center Drive and site topography;
- Underground detention is anticipated per County stormwater requirements;
- Retaining wall is eliminated;
- Wetland impacts are significant – approximately 1.13 acres will need to be mitigated;
- Cost implication are –
  - 64,000 cu-yds of import @ \$18/yd = \$1,152,000
  - 3.0 ac-ft Underground detention @ \$300,000/ac-ft = \$900,000

Note: It may be possible shift improvements north and lengthen the driveway so that the finished floor could be lowered to reduce fill. Possible savings by lowering of the finished floor elevation is estimated at approximately \$125,000 of reduced cost per each foot of FFE reduction. GreenbergFarrow can pursue this further should Mainstreet wish to move forward with this scheme.

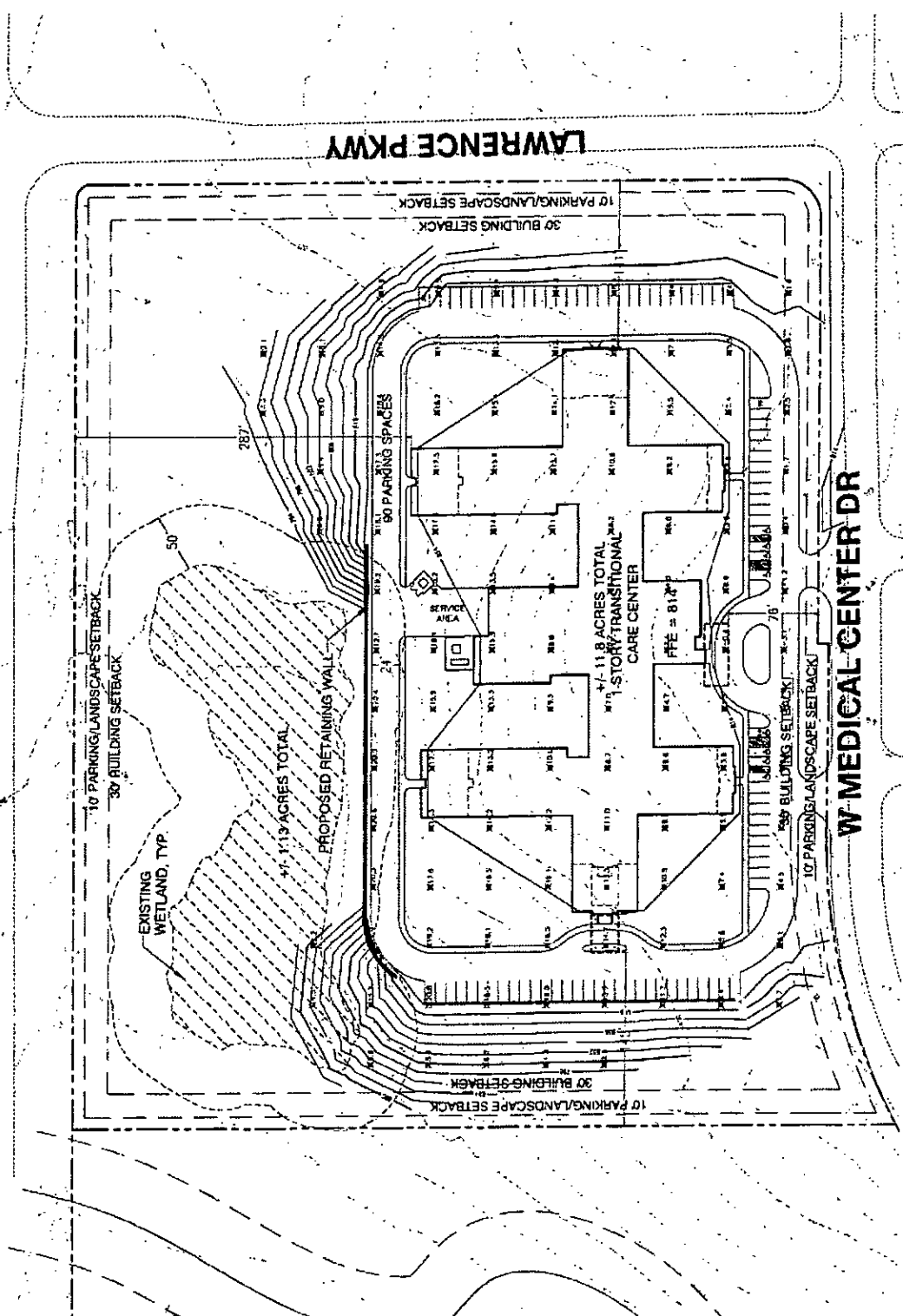
End of Memorandum



BULL VALLEY ROAD

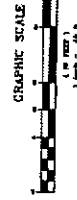
**EARTHWORK SUMMARY**  
 CUT 148 CY  
 FILL 148 CY  
 NET FILL 0 CY

**LEGEND**  
 M 1.00 OLD 15' HIGH CONC  
 M 1.00 FILL TO 15' HIGH CONC  
 M 1.00 EXISTING CONTOUR  
 M 1.00 PROPOSED CONTOUR



LAWRENCE PKWY

W MEDICAL CENTER DR



**GreenbergFarrow**  
 21 South Emerson Avenue, Suite 200  
 Arlington Heights, Illinois 60005  
 (847) 708-2255 / (847) 460-2526

MAIN STREET  
 MOHENTY, IL  
**FIT PLAN 1 CUT AND FILL EXHIBIT**  
 SCALE 1" = 40'

**CF-1**

DATE: 11/02/16

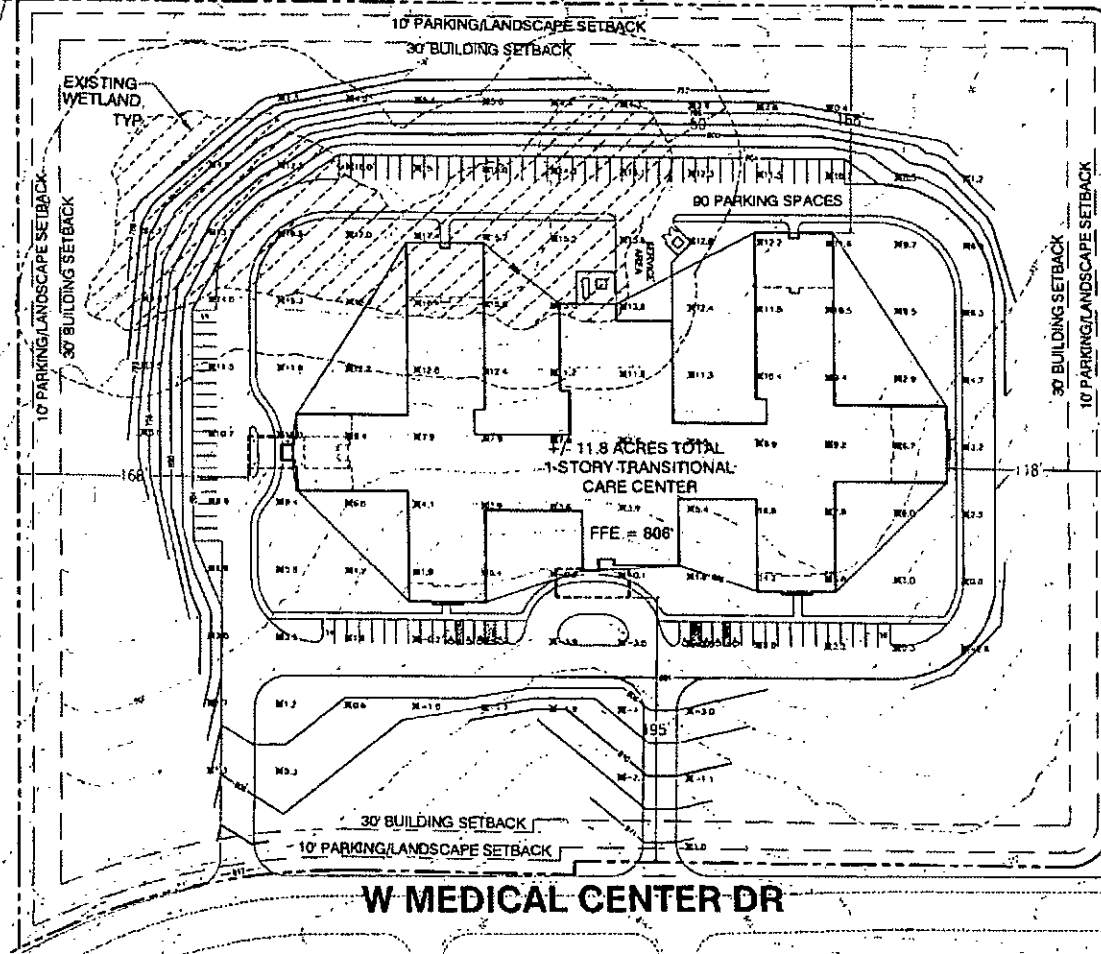
**BULL VALLEY ROAD**

**EARTHWORK SUMMARY**

CUT	3,374 CY
FILL	1,140 CY
NET FILL NEEDED	2,234 CY

**LEGEND**

±1.00	CUT TO FINISH GRADE
±1.00	FILL TO FINISH GRADE
---	EXISTING CONTOUR
---	PROPOSED CONTOUR



**LAWRENCE PKWY**

**W MEDICAL CENTER DR**



**GreenbergFarrow**

21 South Evergreen Avenue, Suite 300  
Arlington Heights, Illinois 60005  
1.847.738.8200 F. 847.738.9536

**MAIN STREET**  
MC HENRY, IL

**FIT PLAN 2 CUT AND FILL EXHIBIT**  
SCALE: 1" = 40'

**CF-2**

DATE: 11/07/16