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May 25, 2018

Via FedEx

Michael Constantino  
Illinois Department of Public Health  
Health Facilities and Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

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JUN 07 2018

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

**Re: Annual Progress Report – Transitional Care of Lisle (Proj. No. 15-056)**

Dear Mr. Constantino:

This office represents IH Lisle Owner, LLC; IH Lisle OpCo, LLC; Innovative Health, LLC, OnPointe Health Development, LLC (collectively, the "Permit Holders"). As you are aware, on May 10, 2016, the Illinois Health Facilities and Services Review Board (the "State Board") approved the Permit Holders' application to establish a 68-bed general long-term care facility to be located at 2850 Ogden Avenue, Lisle, Illinois (the "Project"). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #15-056.

**1. Status of the Project**

Construction of the Project has not commenced due to site issues. The Permit Holders purchased the land where the Project will be located. The Illinois Department of Public Health has approved the architectural drawings, and the Lisle Planning and Zoning Commission has approved zoning for the Project. Originally, the Project planned to tap directly into an adjacent drainage pipe; however, an easement was required to do so. Rather than seek an easement, the Permit Holders plan to drain the site by redirecting storm water directly into the storm drain without tapping the line. The Village has agreed to this plan and the Permit Holders' engineer is finalizing the design..

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Additionally, the Permit Holders were involved in significant litigation regarding the Project Permit. Transitional Care of Lisle ("TC Lisle") and Transitional Care of Fox Valley ("TC Fox Valley", together with TC Lisle, "Transitional Care") were issued Certificate of Need ("CON") permits to construct 68-bed nursing home facilities in Lisle and Fox Valley (the "Projects"). In June 2016, competitors of Transitional Care filed complaints for administrative review with the Circuit Court, seeking to reverse the approval of the CON permits for the Projects. In January 2017, the Circuit Court affirmed the issuance of the CON permits. In February 2017, one of the plaintiffs, the Springs at Monarch Landing ("Monarch") filed appeals of the Circuit Court's decisions. Transitional Care requested that the TC Lisle and TC Fox Valley appeals be consolidated to promote judicial economy, and the Appellate Court granted the request. Monarch also filed motions in the Circuit Court and Appellate Court to stay the issuance of the CON permits pending the appeals, which Transitional Care opposed, and the courts denied the motions. On May 30, 2017, Monarch filed a motion to voluntarily dismiss the case. The Appellate Court granted the motion and dismissed the appeal.

In spite of the site issues and litigation, the Permit Holders have proceeded with the Project, acquiring the land at a cost of \$926,119.65. Further, their architectural plans received approval from the Illinois Department of Public Health on May 1, 2017.

## **2. Costs Incurred to Date**

To date, the Permit Holders have expended \$850,320 on the Project.

| <b>Transitional Care of Lisle (Proj. No. 15-056)</b> |                     |                  |
|------------------------------------------------------|---------------------|------------------|
| <b>Project Costs</b>                                 |                     |                  |
|                                                      | <b>Approved</b>     | <b>Expended</b>  |
| Preplanning Costs                                    | \$36,500            |                  |
| Site Survey and Soil Investigation                   | \$0                 | \$1,400          |
| New Construction Contracts                           | \$11,700,000        |                  |
| Contingencies                                        | \$292,000           |                  |
| A & E Fees                                           | \$320,000           | \$384,637        |
| Consulting and Other Fees                            | \$935,000           | \$464,283        |
| Moveable or Other Equipment                          | \$1,441,000         |                  |
| Net Interest Expenses During Construction            | \$424,950           |                  |
| Other Costs to be Capitalized                        | \$692,250           |                  |
| <b>Estimated Total Project Cost</b>                  | <b>\$15,841,700</b> | <b>\$850,320</b> |



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3. **Sources of Funds**

The project will be funded through \$3,168,341 in cash and securities and a \$12,673,359 mortgage.

4. **Anticipated Completion Date**

The anticipated completion date for the Project is December 31, 2018.

If you need any additional information or have any questions regarding the status of the project, please feel free to contact me at 312-873-3606 or [acooper@polsinelli.com](mailto:acooper@polsinelli.com).

Sincerely

Anne M. Cooper