



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-08	BOARD MEETING: June 4, 2019	PROJECT NUMBER: 16-002
PERMIT HOLDERS(S): IH Fox Valley Owner, LLC IH Fox Valley OpCo, LLC		
FACILITY NAME and LOCATION: Transitional Care of Fox Valley, Aurora		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On May 10, 2016, the State Board approved Project #16-002. The permit authorized the establishment of a 68-bed Long Term Care (LTC) facility in 52,000 GSF of space, in Aurora. The State Agency notes the project was financially committed on July 27, 2018 with the signing of the construction contract, and the current project completion date is June 30, 2019. Original project cost: \$15,903,691.

State Board Staff notes the permit holders submitted the permit renewal request on May 16, 2019. This submittal was 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 accompanied the renewal request.

II. Findings

State Board Staff notes this is the first renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal. Board staff notes on March 14, 2018, the permit holders were approved to extend the financial commitment date one year, from May 10, 2018, to May 10, 2019.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of August 31, 2021. This would extend the project's completion date twenty-six months, from June 30, 2019 to August 31, 2021.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is nearing the end of the architectural planning phase, and the permit holders anticipate commencement of the construction phase in November 2019.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state numerous delays in the permitting and planning phases are responsible for the renewal request. Initially, zoning approval delays with the City of Aurora, followed by unanticipated requirements from IDPH Division of Life Safety and Construction, followed by an administrative review action in circuit court to overturn the Illinois Health Facilities and Services Review Board's ruling took valuable time from the project timeline. Since resolution of the above noted issues, the permit holders are making significant progress to engaging in the construction phase of the project.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that \$600,000 (3.8% of the overall project cost), has been expended to date, and the permit holders 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 altered permit amount of \$15,903,691.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 68-bed Long Term Care (LTC) facility in Aurora. Project cost: \$15,903,691.

Permit Issuance Date: May 10, 2016

Project Obligation Date: May 10, 2019

Original Project Completion Date: June 30, 2019

Proposed Project Completion Date: August 31, 2021
(26-month renewal request)

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.



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May 15, 2019

VIA FEDEX

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

MAY 16 2019

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

**Re: Permit Renewal Request-Transitional Care of Fox Valley, Aurora
Project #16-002**

Dear Ms. Avery:

On May 10, 2016, the Illinois Health Facilities and Services Review Board ("HFSRB") approved Project #16-002, a project to construct and establish a 68 bed general long term category of service to be located at 4020-4090 East New York Street, Aurora, Illinois. The purpose of this letter is to request a Permit Renewal pursuant to 77 Ill. Admin. Code 1130.740. Enclosed you will find a check with the permit renewal fee. This is our first renewal request.

Request Project Completion Date

The permit holder requests that the HFSRB grant a permit renewal and establish Thursday, August 31, 2021 as the project completion date for this project.

Status of the Project

The project has faced numerous delays since the Board approved this project. We are happy to report that we are finalizing architectural and construction plans for the facility and anticipate breaking ground in November 2019. Our general contractor has estimated a construction timeline of 14-16 months once we begin construction.

We have also continued to work in earnest with the Department Housing and Urban Development ("HUD") on funding for the project and have been informed that we may be able to close in October of this year. While we have no reason to expect a delay with our HUD financing, it is not uncommon for HUD to request additional time and additional delays would push the ground breaking date for construction.

The requested additional time is necessary to complete construction of the facility and allow for the requisite Illinois Department of Public Health ("IDPH") life safety and licensure inspections. This additional time will allow for the final reconciliation of costs and expenses to allow for proper final cost reporting to the Board.

As this Board knows, there were several unforeseen delays with the project. The largest of which were delays in zoning approval. This was the result of the Aurora Planning and Development Division requiring the sub-division of the property where the facility will be located. The effect of this previously unannounced requirement resulted in a delay in the submittal of our architectural plans to the IDPH Division of Life Safety and Construction. Other delays included litigation regarding the permit for the project. competitors filed an administrative review action in Circuit Court requesting that the Court overturn the Board's approval. After extensive delay the action was voluntarily dismissed by the competitors on May 31, 2017.

Statement Regarding Project Completion

Since the resolution of the zoning issues and ongoing litigation, significant progress was made on the project. The project was financially committed on July 27, 2018 through the execution of the construction contract to build the skilled nursing facility and has been reported to the Board. However, additional time is necessary to complete the project in an orderly fashion. Given the scope of the overall undertaking, it seemed worthwhile to request additional time to ensure appropriate completion of the project.

To date approximately \$600,000 of the approved \$15,903,691 has been expended on the project. The project is progressing consistent with the application underlying the permit approved by the HFSRB and will be completed in accordance with the terms of the permit letter issued by the HFSRB. We do not anticipate the need to alter the project in any way, as we expect to come in on budget.

Confirmatory Evidence of Permit Compliance

Enclosed is a verified statement from Brad Haber, one of the Managing Principals of Innovative Health, LLC. The verified statement confirms the permit holders are complying with the scope, costs, and conditions of the project approved by the HFSRB, pursuant to the permit letter issued for this project. Additionally, the aforementioned verified statement confirms that the project will be funded through cash and securities and a mortgage as described in the application for the project.

If you have any questions or need any additional information regarding the project or this permit renewal request, please feel free to contact me at 312-212-4967.

May 15, 2019
Page 3

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado, Jr.

JM:
Enclosures

cc: Jeannie Mitchell, General Counsel (via email)
Mike Constantino, Senior Project Reviewer (via email)

**State of Illinois
County of Cook**

Verification

I, Brad Haber., being first duly sworn, on oath, depose and state as follows:

1. I serve as one of the Managing Principals of Innovative Health, LLC an owner and the entity responsible for the management of Transitional Care of Fox Valley, Aurora.

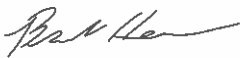
2. The project to construct and establish a 68 bed general long term facility in 52,000 square feet is progressing consistently with the commitments reflected in the permit letter issued for this project.

3. Our project costs remain on track and in accordance with the terms of the project approved by the Illinois Health Facilities and Services Review Board, Project #16-002.

4. The project's costs and scope continue to comply with the application the HFSRB approved for Project # 16-002.

5. Sufficient financial resources remain available to complete Project #16-002.

Under penalties as provided by law pursuant to § 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct.



(signature)

5/10/19

(date)