

# FOLEY & ASSOCIATES, INC.

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## SENT VIA HAND DELIVERY

June 21, 2017

**RECEIVED**

JUN 21 2017

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

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

Re: Permit #16-011 Northbrook Behavioral  
Hospital; Annual Progress Report

Dear Ms. Avery:

On June 21, 2016 the Illinois Health Facilities and Services Review Board ("HFSRB") approved the permit for Northbrook Behavioral Hospital ("NBH") to establish a 100 Bed Acute Mental Illness ("AMI") Hospital at 4201 Lake Cook Road, Northbrook, IL with a total project cost of \$31,319,709. This letter is submitted, in accordance with the requirements of HFSRB Rules, 77 Ill. Admin. Code 1130.730, as the Annual Progress Report for Project #16-011.

### Current Status of the Project

As reflected in our April 7, 2017 update to the Board and its staff (attached hereto and incorporated by reference herein), Project #16-011 ("the Project") has experienced an unexpected delay due to resistance related to the zoning necessary to complete the Project. Our discussions with Northbrook government remain ongoing. As recently as two days ago, June 19, 2017, US HealthVest leadership had a meeting with local law enforcement, fire and safety officials to address the impact that would result from an Acute Mental Illness hospital. We remain committed to developing the support necessary to obtain the zoning change.

The design of the project is complete, as the Project is driven by an internal architectural team that has previously performed the exact type of renovation required for this project. The efforts to evaluate the specific needs of the service area are ongoing. However, given the zoning issues, the actual construction on the project is zero percent complete. Of the approved permit amount of \$31,319,709, less than 1% has been spent, as detailed below and in the attached exhibit.

Project #16-011 was approved because of the identified need for better access to AMI services and US HealthVest committed to meeting that need for this community. US HealthVest remains committed to maintaining a valid permit and completing the Project as designed and as approved. However, since the ultimate zoning determination is outside of our control, US



Ms. Courtney Avery  
June 21, 2017  
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HealthVest is evaluating other options which would not involve zoning concerns. The core priority is increasing access to care in a manner that meets the needs of those in this community needing better access to Acute Mental Illness services. Being aware that some options would require an application for a new CON, US HealthVest will continue to communicate with the CON Board throughout this process.

### **Project Costs**

The Project remains within the approved requirements of the Permit with respect to project cost. Attached hereto and incorporated by reference herein is an itemized listing of Project costs in comparison to the approved amounts reflected in the permit issued by the HFSRB.

### **Project Funding**

The method of financing the Project remains unchanged. We do not anticipate any issues with regards to their being sufficient financial resources to complete the Project. We confirm, herein, that there have been no steps taken regarding financing this project that are inconsistent with the Project as approved by the HFSRB. The sources of funds are delineated on the attachment detailing the itemized list of Project costs.

### **Anticipated Date of Completion**

The Project Completion Date is currently listed as December 31, 2017. At this point that seems unlikely to remain unchanged, but until clarity can be reached with regards to the resolution of the outstanding zoning issues, it would be premature to predict or propose an alternative Project Completion Date.

NBH acknowledges its obligation to keep the Board and its staff informed regarding the progress of its project and, as necessary, to file an appropriate request for a Permit Renewal, in accordance with 77 Ill. Admin. Code 1130.740.

Sincerely,

  
John P. Kniery  
Health Care Consultant

ENCLOSURES  
JPK/kah

# FOLEY & ASSOCIATES, INC.

Charles H. Foley, MHSA  
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**HAND DELIVERED**

John P. Kniery  
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April 7, 2017

**RECEIVED**

APR 10 2017

Ms. Courtney Avery, Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Re: **Project No. 16-011, Northbrook Behavioral  
Hospital**

Dear Ms. Avery:

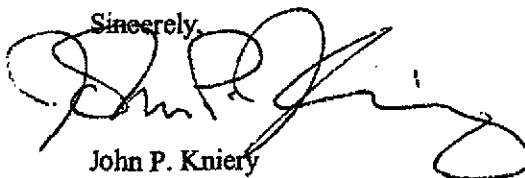
Our client, US HealthVest wanted us to provide you with an update with regards to its project in Northbrook, Illinois, Project #16-011. This update is not intended to act as the annual progress report for Project #16-011, which is not due until July 2017. To the contrary, our interest is in keeping the Board informed as to the status of the project. This seemed particularly prudent taking into consideration US HealthVest's intention of submitting other projects for consideration by the Board.

We have experienced unexpected pushback from Northbrook with regards to obtaining the zoning change necessary to complete the project. We remain in discussions with Northbrook government leadership and have requested an additional in person meeting to further explore available paths to resolving the issue. We have identified and retained a consultant with experience as a city planner in the community and has experience navigating these specific issues. With the assistance of our CON counsel and Foley and Associates, US HealthVest remains diligent in evaluating the circumstances and options available.

Because US HealthVest identified the need for these services within the community and committed to meeting that need, US HealthVest is also evaluating other options. The priority is increasing access to care in a manner that allows US HealthVest to meet the needs of those in this community needing better access to Acute Mental Illness services. We are aware that some of these options would require application for a new CON and will continue to communicate with the CON Board throughout this process. It is the intent of US HealthVest to maintain a valid permit for Project number 16-011 until such time that it has exhausted all avenues to develop this project and therefore, should a better alternative be identified, this project will continue being moved forward both locally, working with the Village of Northbrook, and within the CON's post permit requirements.

Should there be any questions or additional information we can provide, please do not hesitate to let us know. You may contact me or Mark J. Silberman who is CON counsel for US HealthVest.

Sincerely,



John P. Kniery  
Health Care Consultant

JPK/kah

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Northbrook Behavioral Hospital  
#16-011  
Annual Progress Report 06/21/17

## PROJECT COSTS AND SOURCES OF FUNDS

Use of Funds	COST	Expended to Date	% Expended
Preplanning Costs	\$ 12,500	\$ 5,000.00	40%
Site Survey and Soil Investigation	\$ 5,000	\$ -	0%
Site Preparation	\$ 75,000	\$ -	0%
Off Site Work	\$ -	\$ -	0%
New Construction Contracts	\$ -	\$ -	0%
Modernization Contracts	\$ 13,327,000	\$ -	0%
Contingencies	\$ 666,350	\$ -	0%
Architectural/Engineering Fees	\$ 666,350	\$ -	0%
Consulting and Other Fees	\$ 474,000	\$ 275,000.00	58%
Movable or Other Equipment	\$ 500,000	\$ -	0%
Bond Issuance Expense	\$ -	\$ -	0%
Net Interest Expense During Construction	\$ -	\$ -	0%
Fair Market Value of Leased Space or Equipment	\$ 15,593,509	\$ -	0%
Other Costs to be Capitalized	\$ -	\$ -	0%
Acquisition of Building or Other Property	\$ -	\$ -	0%
<b>Total Uses of Funds</b>	<b>\$ 31,319,709</b>	<b>\$ 280,000</b>	<b>1%</b>
<b>Source of Funds</b>			0%
Cash and Securities	\$ 13,726,200	\$ 280,000.00	2%
Pledges	\$ -	\$ -	0%
Gifts and Bequests	\$ -	\$ -	0%
Bond Issues	\$ -	\$ -	0%
Mortgages	\$ -	\$ -	0%
Leases	\$ 15,593,509	\$ -	0%
Governmental Appropriations	\$ -	\$ -	0%
Grants	\$ -	\$ -	0%
Other Funds and Sources	\$ 2,000,000	\$ -	0%
<b>Total Sources of Funds</b>	<b>\$ 31,319,709</b>	<b>\$ 280,000.00</b>	<b>1%</b>