



Mark J. Silberman
71 South Wacker Drive, Suite 1600
Chicago, Illinois 60606-4637
Direct Dial: 312.212.4952
Fax: 877.357.4913
msilberman@beneschlaw.com

June 19, 2020

VIA FEDEX
VIA EMAIL

Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, IL 62761

Re: Annual Progress Report, Project # 17-002
Mercy Crystal Lake Campus - Hospital

Dear Ms. Avery,

Please accept the following as our submission to comply with the annual progress reporting requirements for the above-referenced project, consistent with the provisions of 77 Ill. Admin. Code Section 1130.760.

As you know, this project was originally approved by the Illinois Health Facilities and Services Review Board ("HFSRB") on June 20, 2017, to establish a new medical center office building along with another project to construct the new Mercyhealth Crystal Lake Medical Office Building (Project # 17-001). As you also know, competitors filed administrative challenges to these project which have, understandably, slowed the progression of this project down. We are glad that the decision of the HFSRB, consistently supported by Mercyhealth throughout the proceedings at the Circuit Court and the Appellate Court, has been upheld and reinstated. This should clear the way for progression of these projects, in earnest.

As you are also aware, and as we addressed in our May 20, 2020 correspondence to HFSRB staff, pursuant to Ill. Admin. Code Section 1130.710(a)(2) the financial commitment requirements for these two projects has been stayed throughout the pendency of the administrative review. As the administrative rule states:

The financial commitment period shall be extended for any project for which issuance of a permit has been contested and is in administrative review. the financial commitment period will be extended by the length of time equal to the number of days from the date a summons was received until the date of final disposition of the suit.

According to our calculations, that would push the mandatory date for financial commitment to June 16, 2023, although we await confirmation of this date from your staff. In the interim, we wanted to report regarding the progress of these projects:

The project is currently approximately 7.2% complete, as of June 20, 2020. Through the submission of this annual report, it is estimated that a total of approximately \$5,945,751.75 has been incurred related to the completion of this project. The expense remain consistent with completion of the project, as approved by the HFSRB. The funding for the project remains available and has been committed to the completion of this project. The deadline for financial commitment for this project has been extended in accordance with 1130.71(a)(2), and the permit holder intends to meet the new deadline.

The major components of the project that have already been completed include:

- Preconstruction
- Initial functional programming and space planning
- Architectural/Engineering:
 - Schematic design
 - Design development
 - Construction documents (currently 95% complete)
- Site work permitting (grading and top soil removal)
- Landscape design (currently 90% complete)
- Medical equipment planning (currently 98% complete)
- Site work construction
 - Mobilization
 - Top soil removal
 - Grading
 - Temporary power
- Construction documents package (site work utilities and foundations package)
- Exterior enclosure construction documents
- Crystal Lake PUD Planning and Zoning Process
- Site assessment (including access planning and traffic evaluation)

The components that remain to be completed are:

- Completion of construction documents
- Interior design documents for interior
- Final planning and documentation for Medical Equipment
- Construction of foundations and core of building
- Construction of exterior enclosure to building
- Construction of interior and finishes
- Bidding and awarding of various construction trades
- Procurement and installation of furniture and equipment

- Site work construction and landscaping installation
- Permitting and inspections

As a result of the delay caused by the administrative litigation, we are evaluating the construction timeline and anticipate the need for a permit renewal to meet our commitment to the HFSRB and the Crystal Lake community. We are awaiting the permitting that the Village of Crystal Lake had previously refused to issue while the administrative case remained pending. We are aware of the likelihood that we will have to submit a permit renewal for this project and will submit the necessary materials to the Board to facilitate this at the appropriate time. Despite the obstacles placed before it, Mercyhealth remains committed to the completion of this project and the provision of necessary quality care to the Crystal Lake community.

If you have any questions or need any additional information regarding the projects, please feel free to contact my colleague, Juan Morado, via phone at 312-212-4967 or via email at JMorado@beneschlaw.com or you can contact me by phone at 312-212-4952 or via email at MSilberman@beneschlaw.com.

Best regards,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Mark J. Silberman

MJS: