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September 28, 2018

VIA FED EXPRESS AND E-MAIL

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: First Permit Renewal Request for Project No. 17-009-Silver Oaks Hospital

Dear Mr. Constantino:

We are counsel to Silver Oaks Behavioral LLC d/b/a Silver Oaks Hospital ("Silver Oaks Hospital"), Silver Oaks Behavioral Realty LLC ("Silver Oaks Realty"), New Lenox Behavioral Innovations LLC ("NLBI"), New Lenox Behavioral Innovations Realty LLC ("NLBI Realty"), US Healthvest LLC ("USHV"), and Silver Cross Hospital and Medical Centers ("Silver Cross Hospital," and collectively with Silver Oaks Hospital, Silver Oaks Realty, NLBI, NLBI Realty and USHV, the "Permit Holders"). On February 24, 2017, the Permit Holders filed a Certificate of Need Application (the "CON Application") with the Illinois Health Facilities & Services Review Board (the "Board") to establish a 100 bed behavioral health hospital in New Lenox, Illinois (the "Project") to be known as Silver Oaks Hospital (the "Hospital"). On June 20, 2017, the Board approved the CON Application. The CON Application stated that the Project would cost \$24,299,928 and that the Project would be completed on December 31, 2018 (the "Original Project Completion Date"). On July 24, 2018, the Permit Holders filed their First Annual Progress Report for the Project (the "First Annual Progress Report").

On behalf of the Permit Holders, pursuant to 77 Ill. Admin. Code § 1130.740, we hereby submit this permit renewal request (the "Permit Renewal Request") for the above referenced Project. This is the Permit Holders first permit renewal request for this Project.

Elements Required by 77 Ill. Admin. Code § 1130.740

As you know, 77 Ill. Admin. Code § 1130.740(c) requires a party seeking a permit renewal to provide the following information to the Board: (1) the requested completion date; (2) a status report on the project detailing what percent has been completed and a summary of the 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) evidence that the project's costs and scope are still in line with the previously approved CON and that sufficient financial resources are available to complete the project.

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Based upon this information, the Planning Board must ultimately conclude that the party seeking the permit renewal "proceeded with due diligence," as that phrase is defined at 77 Ill. Admin. Code § 1130.140. For the reasons set forth in this letter, the Permit Holders believe that they have established the necessary predicates for a permit renewal for the Project.

As set forth in the Permit Holders' First Annual Progress Report, the Hospital is currently under construction and on schedule. At this point, the Project is approximately 85% complete. Foundations, structural steel, exterior precast panels, windows, and roofing are complete. Major plumbing, electrical and mechanical systems are installed. Plumbing fixtures and light fixtures are nearing completion. Doors and hardware are being installed. Interior finishes are in progress. Site plan paving and curbing is also complete. Landscaping is in progress. The Permit Holders are currently anticipating that construction on the Hospital will conclude sometime in the early part of December, 2018. The Permit Holders have also been in contact the Village of New Lenox and the Illinois Department of Public Health ("IDPH") to coordinate occupancy and licensure of the Hospital. At this point, given the likely construction completion date, it is possible that IDPH may not be able to complete its licensing survey prior to the Original Project Completion Date of December 31, 2018. Thus, out of an abundance of caution, the Permit Holders are hereby seeking a new project completion date of June 30, 2019, to ensure enough time for the Hospital to be licensed by IDPH (and also certified by the Centers for Medicare and Medicaid Services to accept Medicare patients).

To date, the Permit Holders have spent \$15,559,808 on the Project. The Applicants are currently projecting that they will not exceed the total project cost of \$24,299.928 set forth in the CON Application.

The method of financing and sources of funds for the Project have not changed since the filing of the CON Application.

Accordingly, the Permit Holders believe that they are entitled to a permit renewal for the Project on the terms set forth in this letter. If you need any other information, please call. I am also enclosing a check in the sum of \$500 to cover the processing fee.

Sincerely,



Edward J. Green

cc: Ms. Martina Sze, Executive Vice President, US Healthvest LLC
Ms. Ruth Colby, President & CEO, Silver Cross Hospital & Medical Centers