



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-04	BOARD MEETING: December 10, 2019	PROJECT NUMBER: 17-065
PERMIT HOLDERS(S): Fresenius Medical Care Holdings, Inc Fresenius Medical Care New Lenox, LLC		
FACILITY NAME and LOCATION: Fresenius Kidney Care New Lenox, New Lenox		

STATE BOARD STAFF REPORT **PERMIT RENEWAL REQUEST**

I. Background

On April 17, 2018, the State Board approved Project #17-065. The permit authorized the establishment of a 12-station End Stage Renal Dialysis (ESRD) facility in 7,800 GSF of leased space in New Lenox, Illinois. State Board Staff notes the project is obligated and the current project completion date is December 31, 2019. Project cost: \$6,488,198.

State Board Staff notes the permit holders submitted the permit renewal request on November 5, 2019. This submittal was in accordance with 77 IAC 1130.740(d), which states that renewal requests must be received by the State Board 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.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of December 31, 2020. This would extend the project's completion date by twelve months, from December 31, 2019 to December 31, 2020.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is 25% complete and proceeding with due diligence. The lease for the property was executed on November 30, 2018, shell construction has begun, and interior build-out is expected to begin January 2020. Once the interior build-out is complete, Medicare certification and licensure will follow.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the following events occurred, which delayed completion of the project:
- The permit holders note significant delays in closing on the land for the facility, delays in site plan approval and permitting from the City of New Lenox, and budgeting delays attributed to the need for the permit renewal. However, the adjusted construction plan should allow sufficient time for project completion/licensure.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate \$4,481,213 (69%) of the total project funds have been expended to date and 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 original permit amount of \$6,488,198.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 12-station ESRD facility in 7,800 GSF of leased space in New Lenox. Project cost: \$6,488,198.

Permit Issuance Date: April 17, 2018

Project Obligation Date: November 30, 2018

Original Project Completion Date: December 31, 2019

Proposed Project Completion Date: December 31, 2020
(12-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, a summary of project components yet to be finished and a summary of 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 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). If a request for permit renewal is denied, HFSRB may issue a Notice of Intent to Revoke a permit if the project is not completed by the HFSRB-approved completion date. If such a Notice is issued, 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.



November 4, 2019

RECEIVED

NOV 5 2019

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Request for Permit Renewal Section 1130.740
Project #17-065, Fresenius Kidney Care New Lenox
Permit Holder: Fresenius Medical Care New Lenox, LLC, and Fresenius Medical Care Holdings, Inc.

Dear Ms. Avery:

Fresenius Medical Care New Lenox, LLC is seeking a permit renewal for Fresenius Medical Care New Lenox. Enclosed is a \$500.00 permit renewal fee. There has been no change to the size and scope of this project. This report summarizes the status of the project.

Sincerely,

Lori Wright
Fresenius Medical Care
Senior CON Specialist



October 23, 2019

Request For Permit Renewal Section 1130.740

Project #17-065, Fresenius Kidney Care New Lenox

Permit Holder: Fresenius Medical Care New Lenox, LLC, and Fresenius Medical Care Holdings, Inc.

- 1. The requested completion date:** *The requested completion date is December 31, 2020.*
- 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 date**

This project is for the establishment of the 12-station Fresenius Kidney Care New Lenox ESRD facility located at 662 Cedar Crossing Drive, New Lenox. The project was obligated with the execution of the lease for premises on November 30, 2018. The landlord/developer has begun the shell construction. Weather permitting, it is expected to be ready for Fresenius to begin the interior buildout by January 2020.

The project is approximately 25% complete and is expected to be complete prior to December 31, 2020.

- 3. a statement as to the reasons why the project has not been completed**

This project experienced significant delays waiting for the landlord/developer to close on the land for the facility as well as delays with budgeting, site plans and approvals/permitting from the City of New Lenox. Shell construction is underway and should be complete by January 2020 for Fresenius to begin the interior buildout, which should take approximately 3 months. CMS certification will complete the project which can take 6-9 months.



4. evidence of financial commitment to fund the project

Sources and Uses of Funds

All Project financing to date has been funded from available cash and its equivalents as reported on the company's financial statements. The right to occupy the premises has been secured through a leasing arrangement. This leasing arrangement was utilized to obligate the project. None of the project costs have exceeded the approved permit amounts.

Total committed for Project

PROJECT COST AND SOURCES OF FUNDS		
	Committed	Spent
Preplanning Costs	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A
Site Preparation	N/A	N/A
Off Site Work	N/A	N/A
New Construction Contracts	N/A	N/A
Modernization Contracts	1,419,600	0
Contingencies	140,400	0
Architectural/Engineering Fees	152,800	73,815
Consulting and Other Fees	N/A	N/A
Movable or Other Equipment (not in construction contracts)	368,000	0
Bond Issuance Expense (project related)	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A
Fair Market Value of Leased Space or Equipment	4,407,398	4,407,398
Other Costs To Be Capitalized	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A
Total Committed For Project	\$6,488,198	
	Spent	\$4,481,213

5. Anticipated final cost of the project: *Final cost will be within the permit amount of \$6,488,198.*



FRESENIUS KIDNEY CARE

Fresenius Medical Care New Lenox, LLC

In accordance with Section 1130.740 part c, of the Illinois Health Facilities & Services Review Board rules for renewal of a permit;

I do hereby certify that the project was initiated on 11/30/2018 with the lease execution and; that the financial resources to fund the project are available or otherwise committed; and that the project's cost, scope, design, square footage, number of stations are compliant with that which the State Board has approved.

By: Dorothy S Rizzo
ITS: Dorothy Rizzo
Assistant Treasurer

By: Bryan Mello
ITS: Bryan Mello
Assistant Treasurer

Notarization:

Subscribed and sworn to before me

This 23rd day of OCT., 2019

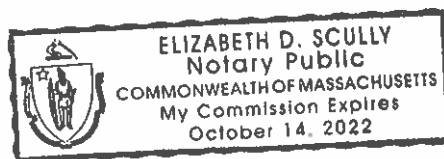
Seal

Notarization:

Subscribed and sworn to before me

This _____ day of _____, 2019

Seal





FRESENIUS KIDNEY CARE

Fresenius Medical Care Holdings, Inc.

In accordance with Section 1130.740 part c, of the Illinois Health Facilities & Services Review Board rules for renewal of a permit;

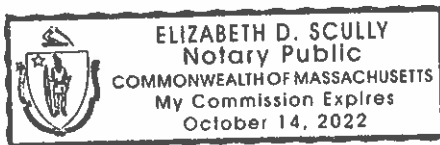
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Dorothy Rizzo
ITS: Assistant Treasurer

By: Bryan Mello
Bryan Mello
ITS: Assistant Treasurer

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This 23rd day of OCT, 2019

Seal



Notarization:
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This _____ day of _____, 2019

Seal