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HEALTH FACILITIES &  
SERVICES REVIEW BOARD

May 29<sup>th</sup>, 2012

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

Re: Declaratory Ruling Request (Section 1130.810)  
Extension of Obligation Period ((Section 1130.730)  
Pinckneyville Community Hospital Replacement  
Project #09-068

Dear Ms. Avery,

This request is to seek a Declaratory Ruling to extend the currently approved obligation period from October 20, 2012 to March 20, 2013 in order to respond to a potential USDA Rural Development Facilities Loan Program funding commitment which is expected to occur after October 1, 2012 but not before our current obligation date.

Our permit issuance date is April 20, 2010. This approved permit had originally anticipated an October 20, 2011 obligation date. This date was extended to October 20, 2012 by the State Agency at its May 10, 2011 Review Board Meeting. Under Section 1130.730 a single extension of time is allowed; hence, our request for a declaratory ruling to extend the obligation period for a second time due to financing considerations and the USDA budget cycle. To date, we have expended \$2,803,075 which is 6% of the originally approved \$46,624,405 permit amount.

We have proceeded with due diligence to obligate the project as demonstrated, in part, by project related expenditures, our annual State Agency progress reports, and having an IDPH approval for our facility plans, but the recent economic downturn has severely restricted access to capital, especially to critical access hospitals, and we do not yet have a final funding commitment. After exploring several financing options, we have recently been encouraged that a USDA Rural

Development Community Facilities Loan may be available. Unfortunately, the pre-application process, application process, and approval may extend beyond our current obligation date; thus, this request to extend the obligation period for a second time.

If the State Agency does not approve our extension which will allow us to fully pursue the USDA funding cycle, then Permit #09-068 will expire and this necessary hospital replacement project abandoned.

We are also in the process of preparing an Alteration Permit which we expect to submit on or before June 13, 2012 in order to receive Review Board consideration at the earliest possible date. The proposed replacement hospital project will be downsized and the estimated project cost is \$31,187,575 or 33% less than originally approved by the State Agency. The USDA requires an approved CON Permit and cost to complete its application process. We are proposing a smaller replacement hospital project in our Alteration Permit submission.

We understand this is an extraordinary request but, given the circumstances, respectfully request a second extension of the project obligation period to secure financing for our much needed replacement hospital. We are expecting a timeline from the USDA on our project in the next few weeks and will forward a copy for inclusion with our request upon receipt.

Please contact me at [thudgins@pvillehosp.org](mailto:thudgins@pvillehosp.org) or by phone at 618-357-5901 if you need additional information.

Sincerely,



Thomas J. Hudgins, FACHE  
Chief Executive Officer

CC: Mike Constantino  
Ed Parkhurst, PRISM Healthcare Consulting