



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET ITEM: A-1	BOARD MEETING: June 21, 2016	PROJECT NUMBER: 10-065
PERMIT HOLDERS(S): South Elgin Real Estate Holdings I, LLC South Elgin Healthcare & Rehabilitation Center, LLC		
FACILITY NAME and LOCATION: Park Pointe-South Elgin Healthcare & Rehabilitation Center, LLC		

STATE AGENCY REPORT
PERMIT RENEWAL REQUEST

I. Background

On December 14, 2010, the State Board approved Project #10-065. The permit authorized the establishment of a 120-bed Long Term Care (LTC) facility in South Elgin. The State Agency notes the project is obligated, and the current project completion date is May 31, 2016. Project cost: \$21,711,784.

The State Agency notes the permit holders submitted the permit renewal request on April 13, 2016. This submittal was in accordance with 77 IAC 1130.740(d), which states that renewal requests must be received by the State Agency at least 45 days prior to the permit expiration date.

The application packet included a \$500.00 permit renewal fee. The State Agency also notes the applicants submitted requests and were approved for, the following transactions:

- 12-Month Obligation Extension: 6/14/12 to 6/14/13.
(Note: Project was obligated on 4/9/14, 10 months late)
- 1st Permit Renewal: 9/30/12 to 5/31/14. 20 Month renewal
- 2nd Permit Renewal: 5/31/14 to 5/31/16. 24 Month renewal

II. Findings

The State Agency notes this is the **third renewal request** for this project and it appears the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal. Board Staff notes there has been no progress made on the project in the last 24 months. Due to the lack of due diligence made on this project during its second permit renewal period, a negative finding results.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of May 31, 2018. This would extend the project's completion date by twenty four months, from May 31, 2016 to May 31, 2018.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the architectural/engineering drawings have been completed and entitlements have been obtained. The following items remain:
- Architectural approval
 - Construction of the facility
 - Licensure survey
- 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 state the delays in the proposed project is directly related to financing, and the permit holders inability to secure a financial institution to provide the necessary credit enhancement that would allow the sale of bonds in the marketplace, resulting in the expiration of said bond commitment. The permit holders have since secured financing from a lending institution to cover the project in its entirety.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate \$272,200 (1.2% of the original project amount), has been expended to date, and sufficient financing to complete the proposed project remains to be secured.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the originally approved permit amount of \$21,711,784, and sufficient financing to complete the proposed project remains to be secured.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 120-bed LTC facility in 82,030 GSF of space, in South Elgin. Project cost: \$21,711,784.

Permit Issuance Date: December 14, 2010

Original Project Completion Date: September 30, 2012

Project Obligation Date: June 14, 2012

Extended project Obligation Date: June 14, 2013

Obligation Date: April 9, 2014 (10 months late)

Proposed Project Completion Date: May 31, 2014 (20 months)
(first renewal)

Proposed Project Completion Date: May 31, 2016 (24 months)
(second renewal)

Proposed Project Completion Date: May 31, 2018 (24 months)
(third renewal)

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 1130.740(b) 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(c) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(d) 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 and a summary of 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) 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(e) states IDPH will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFPB criteria, and if this is the first request for this project, then the request, IDPH's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFPB, will approve, deny or refer the request to the HFPB for action. If IDPH 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 HFPB for action, then HFPB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFPB's Notice of Intent to revoke a permit and 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, and a copy of the original State Agency Report.