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HEALTH FACILITIES &
SERVICES REVIEW BOARD

September 15, 2015

BY E-MAIL AND FEDERAL EXPRESS:

Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Re: Renewal Request for Project # 13-003, St. Paul's Home (Second Request)

Dear Ms. Avery,

Pursuant to the provisions of the Illinois Administrative Code, Section 1130.740, St. Paul's Home ("St. Paul's) would like to submit its second permit renewal to the Illinois Health Facilities and Services Review Board ("HFSRB" or the "Board") for Project #13-003 (the "Project"). As reflected in the permit letter, the Board approved the Project with an original completion date of January 1, 2015. St. Paul's previously requested and was granted a revised completion date of November 1, 2015. By submitting this request, St. Paul's is complying with the requirements of 77 Ill. Admin. Code 1130.740(a) and (c), in that the request is being submitted prior to September 17, 2015, which would be more than 45 days prior to the expiration date of the permit and, in fact, prior to the required completion date.

St. Paul's is requesting a revised completion date of June 30, 2016. The reasoning the Project is not yet completed is straight forward. The modernized facility was completed within the expected timeframe that would have allowed for timely Project completion prior to November 1, 2015. However, unexpectedly, there was a four-month delay between when the Project was completed and when the Illinois Department of Public Health ("IDPH") was able to come and survey the facility. The facility has been approved for occupancy by IDPH. Then, there was an additional delay because IDPH was unable to agree on how to license a modernization (rather than the establishment of a new facility) and how to transfer the certified beds. This resulted in another extended period of time, during which the residents were not able to move into the new facility – and obviously that demolition could not begin. Everything is now resolved, and the residents are in the modernized facility.

There is no doubting St. Paul's diligence in pursuing this Project nor its respect for the HFSRB rules and process. Remember, St. Paul's submitted and received approval for an alteration to the Project in November 2013. The basis of the alteration was to modify the financing in a way that resulted in a ***reduction in cost*** of over $2.3 million dollars by switching from a HUD loan to a conventional loan (the original Project amount was $31,612,496 which has since been reduced to $29,259,300). While many applicants will simply modify their financing without even informing this Board, St. Paul's understood that even a change that saved over $2 million constituted an alteration and required HFSRB approval. While construction began immediately after securing financing, the delay resulted in losing about three months of construction time due to the unusually harsh winter weather. The late start based upon finalizing the financing, combined with the weather, is what resulted in the previous delay. The current delay resulted from an unpredictable delay in the IDPH internal review and approval process.

That said, the Project is and remains progressing well. 89% of the funds have been expended. The modernized facility is completed and being enjoyed by the residents. Once demolition and site restoration are completed, St. Paul's will be able to compile its final numbers and submit its notice of Project completion.

St. Paul's has expended $26,061,412 thus far, with $3,197,888 remaining to be expended. This is consistent with a complete budget of $29,259,300. St. Paul's envisions the Project being completed on budget and in accordance with the requested new Project completion date, if approved by the Board. A review of the recently submitted Annual Progress Report (attached hereto as Exhibit A) illustrates that the costs and scope of the Project remain in accordance with the Project the HFSRB approved, as altered, and that sufficient financial resources are available to complete the Project. Lastly, enclosed is check number 1337 in the amount of $500 to cover the application processing fee in accordance with 77 Ill. Admin. Code 1130.740(e).

We remain hopeful the Project may well be completed by year's end. However, we do not want to risk weather issues or other such delays requiring the request of another renewal for this Project. That is the reason we have requested a completion date of June 30, 2016. St. Paul's will continue to work diligently to complete this Project and looks forward to submitting the necessary documentation to bring this permit to a close.

Should there be any further questions, please do not hesitate to contact me to discuss.

Best regards,

Mark J. Silberman

Cc: Susan Franklin
Diane Meatheany