

October 25, 2016

REC-11110

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Kathryn J. Olson, Chairwoman
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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RE: PERMIT ALTERATION REQUEST
CON Permit #15-047

Dear Chairwoman Olson:

NorthShore University HealthSystem is requesting a Project Cost alteration to permit #15-047. This permit is for the establishment of a Medical Office Building/Medical Clinics Building in 35,470 GSF of space in Lincolnshire, Illinois. The current Project Cost is \$15,441,801. The current Project Completion Date is July 31, 2017.

The following is the pertinent information as outlined in Section 1130.750 of the Board's rules.

Requested Project Cost:

We are requesting an increase of \$1,080,926 of the current project cost of \$15,441,801. This is a 7% increase over the Project Cost in the approved application, or a new Project Cost of \$16,522,727.

Current Status:

The project is currently under construction and approximately 60 percent complete.

Explanation of the Increased Costs:

This project is for the modernization of a structure into clinical and related areas, that was originally built as retail space. In the process of converting this structure we have run into a number of unforeseen issues. The increased costs are summarized in Attachment 1. These increased scope of work includes:

- **Elevator Upgrade:**
Prior to taking possession of the building we were not aware that the existing elevator required upgrades to eliminate code deficiencies and improve uptime
- **Addition of a Public Elevator:**
Upon completion of the design it was determine that a public focused elevator should be placed in the building's new lobby in lieu of try to modify the design/reuse the existing elevator
- **Water & Sanitary Sewer Connection Fee's:**

Village of Lincolnshire has an ordinance associated with water and sanitary sewer connection fees. This section gave the Village latitude for assecing fees associated with changes in use/occupancies.

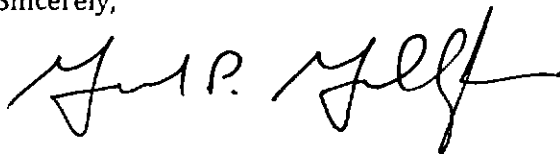
- New AHU (Air Handling Unit) System:
The existing system was design to handle the need of an open floor plan book store. Upon further evaluation of the existing mechanical system it was determine that the existing systems could not handle the new loads and highly compartmentalized space. The 7 existing AHU units would need to be replaced with (2) much larger and cross connected units.
- Deep Foundation:
We were unaware that the existing building was built on a landfill/marsh area with poor soils. Deep foundations were required to complete the necessary work associated with the structural infill and added elevator

The source of the additional funds is the same as the original funds, that is Cash and Securities.

This is our first request for an alteration of the permit. We are confident that our project will be completed within the altered budget and will be completed within our original completion date and scope.

We appreciate your consideration of this request. If you have any questions please contact our consultant, Jeffrey Mark at 312.804.9401.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald P. Gallagher", with a stylized, flowing script.

Gerald P. Gallagher
Chief Operating Officer
NorthShore University HealthSystem

CC: Jeffrey Mark, Consultant

PERMIT ALTERATION REQUEST
CON Permit #15-047

Attachment 1

Project Costs and Sources of Funds		
USE OF FUNDS	Approved Total	Proposed Alteration
Preplanning Costs	\$102,019	\$102,019
Site Survey and Soil Investigation		
Site Preparation	\$283,386	\$283,386
Off Site Work		
New Construction Contracts	\$70,400	\$70,400
Modernization Contracts	\$5,597,326	\$6,678,251
Contingencies	\$850,159	\$850,159
Architectural/Engineering Fees	\$470,421	\$470,421
Consulting and Other Fees	\$218,000	\$218,000
Movable or Other Equipment (not in construction contracts)	\$3,453,950	\$3,453,950
Bond Issuance Expense (project related)		
Net Interest Expense During Construction (project related)		
Fair Market Value of Leased Space or Equipment (5 year Fair Market Value, See Attachment 7)	\$4,396,140	\$4,396,140
Other Costs To Be Capitalized		
Acquisition of Building or Other Property (excluding land)		
TOTAL USES OF FUNDS	\$15,441,802	\$16,522,727
SOURCE OF FUNDS	TOTAL	TOTAL
Cash and Securities	\$15,441,802	\$16,522,727
Pledges		
Gifts and Bequests		
Bond Issues (project related)		
Mortgages		
Leases (fair market value)		
Governmental Appropriations		
Grants		
Other Funds and Sources (Tenant Improvement Included in Lease, See Attachment 7)		