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June 7, 2019

VIA HAND DELIVERY

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

JUN 07 2019

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

**Re: Annual Progress Report-Transitional Care of Fox Valley, Aurora
Project #16-002**

Dear Ms. Avery:

On May 10, 2016, the Illinois Health Facilities and Services Review Board ("HFSRB") approved Project #16-002, a project to construct and establish a 68 bed general long term category of service to be located at 4020-4090 East New York Street, Aurora, Illinois. The purpose of this letter is to provide an annual progress report pursuant to 77 Ill. Admin. Code 1130.760.

Status of the Project

We presented a request for a permit renewal to the HFSRB at your June 4, 2019 meeting and were approved to extend our completion date to August 31, 2021. We are happy to report that we are finalizing architectural and construction plans for the facility and anticipate breaking ground in November 2019. Our general contractor has estimated a construction timeline of 14-16 months once we begin construction.

We have also continued to work in earnest with the Department Housing and Urban Development ("HUD") on funding for the project and have been informed that we may be able to close in October of this year. While we have no reason to expect a delay with our HUD financing, it is not uncommon for HUD to request additional time and any additional delays would push the ground breaking date for construction.

The permit renewal request for additional time was necessary to complete construction of the facility and allow for the requisite Illinois Department of Public Health ("IDPH") life safety and licensure inspections. This additional time will also permit for the final reconciliation of costs and expenses to allow for proper final cost reporting to the Board.

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As this Board knows, there were several unforeseen delays with the project. The principal delay involved zoning approval. The Aurora Planning and Development Division required the sub-division of the property where the proposed facility will be located. This requirement was not brought up in our initial discussions with the City of Aurora. As a result there was a delay in the submittal of our architectural plans to the IDPH Division of Life Safety and Construction. We were also delayed because of litigation regarding the permit for the project. Competitors filed an administrative review action in Circuit Court requesting that the Court overturn the Board's approval. After extensive delay the action was voluntarily dismissed by the competitors on May 31, 2017.

Costs Incurred to Date

Since the resolution of the zoning issues and litigation, progress was made on the project. The project was financially committed on July 27, 2018 through the execution of a construction contract to build the skilled nursing facility and has been reported to the Board. To date approximately \$600,000 of the approved \$15,903,691 in project costs have been expended on the project. We do not anticipate the need to alter the project in any way, as we expect to come in on budget.

If you have any questions or need any additional information regarding the project or this permit renewal request, please feel free to contact me at 312-212-4967.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

A handwritten signature in black ink, appearing to read "Juan Morado, Jr.", with a stylized flourish at the end.

Juan Morado, Jr.

cc: Jeannie Mitchell, General Counsel (via email)