

September 13, 2019

VIA FED EX

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

Re: Change from Lease to Purchase
Project #19-012
Lurie Children's Outpatient Center at Skokie

Dear Ms Avery:

On June 4, 2019, the Illinois Health Facilities and Services Review Board approved Project #19-012 to allow Ann & Robert H. Lurie Children's Hospital of Chicago to lease an existing building at 3722 West Touhy Avenue in Skokie and convert the building to an outpatient health care center. As mentioned in the Narrative Description on page 5 of the permit application, the lease includes an option to purchase the land and building.

The purchase option has a cost of \$16.8 million. This amount includes \$4,346,160 for the land and \$12,453,840 for the building. The land cost is an estimate provided by CBRE, based on a recent comparable commercial property sale in the area. Since land is not included as a capital cost for CON purposes, the relevant cost of the purchase is \$12,453,840.

This amount exceeds the \$12,425,400 FMV of the lease by \$28,440. The \$28,440 amount is subtracted from the contingency line item in the original table *Project Costs and Sources of Funds* to yield a new contingency of \$764,434. The attached revised table *Project Costs and Sources of Funds* shows the original and revised line items of project cost associated with the purchase option. The total capital cost of the project remains unchanged at \$27,499,460. Cash and Securities are the funding sources for the project.

The rationale for purchasing the property is that purchase gives Lurie Children's ownership of the property beyond the 15 year term of the lease, and allows Lurie Children's to use and control the property for its purposes for the indefinite future.

No other spatial or programmatic changes are involved with this transaction. There are no additional changes to the approved permit application.

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Illinois Health Facilities and Services Review Board
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We submit this information so that the Board and staff are informed about this change, and acknowledge or grant any approval deemed appropriate. If you have any questions, please contact me 312 -227-7470 or Ralph Weber, our CON consultant at 847-791-0830.

Sincerely

A handwritten signature in black ink that reads "Reagen Atwood". The script is cursive and fluid, with the first name "Reagen" and last name "Atwood" clearly distinguishable.

Reagen Atwood
Vice President/Deputy Chief Legal Counsel
Ann & Robert H. Lurie Children's Hospital of Chicago

cc: Michael Constantino, IHFSRB
Ralph Weber, CON Consultant

PROJECT COSTS AND SOURCES OF FUNDS

As Approved on June 4, 2019			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Pre-planning Costs	\$0	\$0	\$0
Site Survey and Soil Investigation	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0
Off Site Work	\$0	\$0	\$0
Modernization Contracts	\$0	\$0	\$0
New Construction Contracts	\$919,218	\$7,426,828	\$8,346,046
Contingencies	\$87,216	\$705,658	\$792,874
A/E Fees	\$68,200	\$551,800	\$620,000
Consultant Fees	\$97,454	\$788,489	\$885,943
Movable Equipment	\$1,965,720	\$806,960	\$2,772,680
Bond Issuance Expense	\$0	\$0	\$0
Net Interest Expense During Construction	\$0	\$0	\$0
FMV Leased Space	\$1,366,794	\$11,058,606	\$12,425,400
Other Capital Costs	\$182,217	\$1,474,300	\$1,656,517
Acquisition of Building	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$4,686,819	\$22,812,642	\$27,499,460
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	\$2,569,119	\$12,504,941	\$15,074,061
Pledges	\$0	\$0	\$0
Gifts and Bequests	\$0	\$0	\$0
Mortgages/Bonds	\$0	\$0	\$0
Leases	\$2,117,700	\$10,307,700	\$12,425,400
Governmental Appropriations	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Other	\$0	\$0	\$0
TOTAL SOURCES OF FUNDS	\$4,686,819	\$22,812,642	\$27,499,460

Revised - Purchase		
CLINICAL	NON-CLINICAL	TOTAL
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$919,218	\$7,426,828	\$8,346,046
\$87,216	\$677,218	\$764,434
\$68,200	\$551,800	\$620,000
\$97,454	\$788,489	\$885,943
\$1,965,720	\$806,960	\$2,772,680
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$182,217	\$1,474,300	\$1,656,517
\$1,366,794	\$11,087,046	\$12,453,840
\$4,686,819	\$22,812,641	\$27,499,460
CLINICAL	NON-CLINICAL	TOTAL
\$4,686,819	\$22,812,642	\$27,499,460
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$4,686,819	\$22,812,642	\$27,499,461