

June 23, 2020

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

**Re: Project 19-012: Annual Progress Report &
Notice of Permit Financial Commitment
Lurie Children's Primary Care and Outpatient Services Center, Skokie
Ann & Robert H. Lurie Children's Hospital of Chicago**

Dear Ms. Avery,

Pursuant to 77 Illinois Administrative Code Section 1130.760, this is the Annual Progress Report for Project 19-012, Lurie Children's Outpatient Center at Skokie. The permit was approved by the HFSRB on June 4, 2019, for the construction of an ambulatory care center in the amount of \$27,499,460. This letter also serves as notification to the State of project financial commitment, consistent with 77 Illinois Administrative Code Section 1130.720.

1. Current status of the project. It is anticipated that all construction will be completed this month. The primary care practices will take occupancy of their space on June 29; clinical specialty services are currently anticipated to be in place on or about September 1, 2020. Orders have been placed for furnishings and equipment; installation is underway. Staff recruitment and training is underway.

The operating lease was signed last year, consistent with the approved permit application, and allowing for construction to proceed. The State approved an alteration of the project on October 2, 2019, allowing Lurie Children's to replace the lease by purchasing the land and building. Negotiations with the owner have not been completed.

The scope and size of the Project have not changed since the issuance of the permit.

2. Costs incurred to date. Project costs incurred to date total \$13.2 million, including approximately \$8.5 million in construction, and expenditures or commitments to expend approximately \$4.7 million on equipment, furnishings, IT and other components of the project. The signed lease is consistent with the approved lease of \$12.4 million in the permit application. The final capital cost of the project will be within the CON approved amount of \$27,499,460.

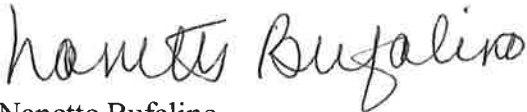
3. Obligation of the Project. By this letter, Lurie Children's reports the financial commitment of the project. The expenditures and commitments to expend more than \$13.2 million on construction, furnishings and equipment exceed one third of approved project capital cost, the threshold for financial commitment.

4. Sources of Funding. The Project is being financed with cash and securities, a mortgage and a lease, consistent with the sources of funding identified in the permit application. It remains the expectation that within the next two months, the lease can be replaced by the purchase of the land and building, as requested by Lurie Children's and approved by the State on October 2, 2019. If negotiations to finalize the purchase are not successful, Lurie Children's will contact the State regarding the process for reverting to the originally approved lease plan.

5. Anticipated date of completion. It is anticipated that the project will be completed in advance of the July 1, 2021 completion date stated in the permit application.

If you have questions or need additional information, please contact me at 312-227-7468, or Ralph Weber at 847-791-0830.

Sincerely

A handwritten signature in dark ink, reading "Nanette Bufalino". The signature is fluid and cursive, with the first name "Nanette" written in a larger, more prominent script than the last name "Bufalino".

Nanette Bufalino
Associate General Counsel

Cc: Michael Constantino, HFSRB
Patrick Knightly, Director, Real Estate & Construction, Facility Services,
Ann & Robert H. Lurie Children's Hospital of Chicago
Amy Van Aalst, Project Manager, Facility Services,
Ann & Robert H. Lurie Children's Hospital of Chicago
Ralph Weber, CON Consultant