

October 20, 2021

Courtney Avery
Illinois Health Facilities and System Review Board
525 West Jefferson Street – 2nd Floor
Springfield, Illinois 62761

RE: *Permit Renewal Request*
Project #19-048
Northwestern Medicine Palos Hospital
Mokena Medical Office Building Project

Dear Ms. Avery:

Northwestern Medicine Palos Hospital (NM Palos) requests a renewal of the permit for Project #19-048 for the Mokena Medical Office Building project. The project was approved by the HFSRB on December 10, 2019 in the amount of \$29,658,300. The original project completion date is January 1, 2022. The requested new project completion date is **October 31, 2022**. This is the first renewal request for this project.

Status of the Project

The building has been approved for occupancy on the exterior, 1st, and 2nd floors.

The 1st floor Immediate Care Clinic and the 2nd floor physicians' offices are currently seeing patients.

The 1st floor diagnostic imaging clinic is expected to begin serving patients in February 2022.

Design is complete for the 3rd floor and construction is expected to begin in November 2021.

Key Actions to Be Completed

Completion of Construction (3rd Floor): Anticipated March 2022

Final Completion: Anticipated no later than September 2022

Final Completion documentation focuses on stabilization, financial close and lessons learned. This includes review and finalization of project documents.

Final Financial & CON Closeout: Anticipated no later than October 31, 2022

All documentation is in order and final payment of all invoices.
Final financial report of all project costs and sources of funds completed.

Project Budget

Attached is a schedule of project expenditures to date.

Approximately \$23,641,123 has been expended of the \$29,658,300 allocated for the project. This represents approximately 79.7% of the budget.

Reason for Renewal Request

Approximately one year after this project was approved, Palos Health System joined Northwestern Medicine (NM). As is the usual process with NM affiliations, NM began an evaluation of the Palos Health facilities within a system context. Part of that process was confirming that any open construction projects enhanced the delivery of patient care for the system. While that analysis was performed, construction work on this project was temporarily delayed.

The analysis was completed approximately 6 months after Palos Health joined NM and confirmed the approved programming for the medical office building; however, due to the pause in the timeline, an additional 10 months are requested to complete the project.

The additional time will allow NM Palos to proceed diligently through the last phase of construction, project stabilization, and completion processes. NM Palos is confident that all of the activities outlined above can be completed by October 31, 2022.

Assurances

The project's costs and scope are in compliance with the approved HFSRB project. Additionally, there are sufficient financial resources available to complete the project.

If you have any questions, please feel free to contact me at borth@nm.org or (312) 926-8650.

Sincerely,

A handwritten signature in black ink, appearing to be 'B. Orth', with a long, sweeping horizontal line extending to the right.

Bridget S. Orth
Director, Regulatory Planning

Attachment

**Northwestern Medicine Mokena Medical Office Building
Project # 19-048**

**ANNUAL COST REPORT
to the
Illinois Health Facilities and Services Review Board**

NM Palos Hospital Project Expenditures

Progress Through: August 31, 2021

<u>Category</u>	CON Approved Budget	Project to Date through 08/31/2021
<u>USE OF FUNDS</u>		
1 PREPLANNING COSTS	\$ 25,000	\$ 78,990
2 SITE SURVEY AND SOIL INVESTIGATION	\$ 5,000	\$ 5,000
3 SITE PREPARATION	\$ 545,000	\$ 627,908
4 OFF SITE WORK	\$ -	\$ -
5 NEW CONSTRUCTION CONTRACTS	\$ 22,480,000	\$ 19,697,714
6 MODERNIZATION CONTRACTS	\$ -	\$ -
7 CONTINGENCIES	\$ 1,073,300	\$ -
8 ARCHITECTURAL/ENGINEERING FEES	\$ 1,544,500	\$ 1,556,185
9 CONSULTING & OTHER FEES	\$ 50,000	\$ 38,491
10 MOVABLE CAPITAL EQUIPMENT (not in construction contracts)	\$ 3,895,500	\$ 1,574,086
11 BOND ISSUANCE EXPENSE (project related)	\$ -	\$ -
12 NET INTEREST EXPENSE DURING CONSTRUCTION (project rela	\$ -	\$ -
14 OTHER COSTS WHICH ARE TO BE CAPITALIZED	\$ 40,000	\$ 62,748
GRAND TOTAL	\$ 29,658,300	\$ 23,641,123
<u>SOURCE OF FUNDS</u>		
16 CASH & SECURITIES	\$ 29,658,300	\$ 23,641,123
18 GIFTS & BEQUESTS	\$ -	\$ -
19 BOND ISSUES (project related)	\$ -	\$ -
25 TOTAL FUNDS	\$ 29,658,300	\$ 23,641,123
CON PERMIT AMOUNT	\$ 29,658,300	\$ 23,641,123
% COMPLETE 79.7%		