

April 9, 2020

VIA E-MAIL AND FEDEX

Courtney Avery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Chicago, Illinois 62761

Re: Alteration Request Project #15-056, Transitional Care of Lisle

Dear Ms. Avery:

I am writing on behalf of Innovative Health, LLC and the other related permit holders (collectively the "Permit Holders") in regards to Transitional Care of Lisle Project #15-056. The purpose of this letter is to request an alteration of the approved permit pursuant to Ill. Admin. Code Section 1130.750. Enclosed with this letter are updated application pages to address the alteration request and applicable review criteria related to the alteration.

The Permit Holders working in conjunction with the Illinois Department of Public Health ("IDPH") have worked aggressively over the last several weeks to move up the project completion date to address a need for additional patient space as a result of the ongoing COVID-19 pandemic. This accelerated schedule has required the Permit Holders to undertake work at a faster pace, work for longer periods of time (requiring overtime pay for its workers) and order materials for expedited delivery. The Permit Holders have carefully monitored the project costs and have concluded that we must request an alteration to the existing project costs in order to meet our commitment to the IDPH and the community get this facility open and able to accept new patients.

Because of how rapidly this project is progressing it has become clear that an alteration is needed but it is unclear how much the project will be over the current approved project costs. In an effort to ensure compliance with the Illinois Health Facilities and Services Review Board ("HFSRB") rules the Permit Holders are proactively (no alteration has been executed at this time) seeking to increase the project costs to the maximum amount allowable. The Permit Holders propose to increase the project costs for Project #15-056 by \$1,108,917 or just under 7% as permitted by the rules. These increases will be primarily reflected in the new construction costs line item with the balance found in architectural and engineering fees. The source of funds for these additional dollars will be from existing cash reserves.

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To date the Permit Holders have spent \$ 12,940,200 of the approved project costs. The increased project budget will give the Permit Holder flexibility to expedite items to the site and utilize alternative finish items, constructability techniques, and available manpower resources to bring the project to completion and to meet applicable IDPH life safety and design standards. Additionally, the size of the project has also changed slightly from the approved 52,000 square feet. The Permit Holders are making accommodations to facilitate improved site access for emergency vehicles, and as such the foot print of the facility shrunk to 50,582 square feet or just under 3% of the approved square footage for the project.

We have enclosed updated application pages to address the aforementioned alteration requests. If you have any questions or need any additional information regarding the project, please feel free to contact me via phone at 312-212-4967 or via email at JMorado@beneschlaw.com

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

A handwritten signature in black ink, appearing to read "Juan Morado Jr.", written in a cursive style.

Juan Morado Jr.

APPENDIX D**Cost/Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Resident Rooms/ Bathrooms/Corridors	\$9,972,596.41		30,145	30,145			
Nurses Station/ Med Prep	\$741,681		2,440	2,440			
Dining Room/ Activity Room/ Lounge	\$531,943		1,750	1,750			
Exam Rooms	\$45,595		150	150			
Physical Therapy	\$632,262		2,080	2,080			
Laundry	\$270,531		890	890			
Clean/Soiled Laundry	\$179,341		590	590			
Total Clinical	\$12,373,949.41		38,045	38,045			
NON REVIEWABLE							
Office/Administrative	\$1,681,739.59		3,092	3,092			
Kitchen	\$593,085		1,935	1,935			
Employee Lounge	\$318,764		1,040	1,040			
Locker/Training	\$208,423		680	680			
Mechanical	\$275,853		900	900			
Lobby/Vestibule	\$484,276		1,580	1,580			
Storage/Maintenance	\$706,491		2,305	2,305			
Public Corridor/Public Space	\$308,036		1,005	1,005			
Structure/Misc	0		0	0			
Total Non-clinical	\$4,576,667.59		12,537	12,537			
TOTAL	\$16,950,617		50,582	50,582			

APPENDIX A**Project Costs and Sources of Funds**

Complete the following table listing all costs associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$26,645	\$9,855	\$36,500
Site Survey and Soil Investigation	0	0	0
Site Preparation	0	0	0
Off Site Work	0	0	0
New Construction Contracts	\$9,188,607.53	\$3,398,526.07	\$12,587,133.60
Modernization Contracts	0	0	0
Contingencies	\$213,160	\$78,840	\$292,000
Architectural/Engineering Fees	\$395,501.88	\$146,281.52	\$541,783.40
Consulting and Other Fees	\$682,550	\$252,450	\$935,000
Movable or Other Equipment (not in construction contracts)	\$1,051,930	\$389,070	\$1,441,000
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	\$310,214	\$114,737	\$424,950
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	\$505,341	\$186,908	\$692,249
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$12,373,949.41	\$4,576,667.59	\$16,950,617
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$3,122,397.41	\$1,154,860.59	\$4,277,258
Pledges	0	0	0
Gifts and Bequests	0	0	0
Bond Issues (project related)	0	0	0
Mortgages	\$9,251,552	\$3,421,807	\$12,673,359
Leases (fair market value)	0	0	0
Governmental Appropriations	0	0	0
Grants	0	0	0
Other Funds and Sources	0	0	0
TOTAL SOURCES OF FUNDS	\$12,373,949.41	\$4,576,667.59	\$16,950,617

SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW

Criterion 1125.800 Estimated Total Project Cost

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Availability of Funds – Review Criteria
- Financial Viability – Review Criteria
- Economic Feasibility – Review Criteria, subsection (a)

Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

\$4,277,258	<p>a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	<p>b. Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p>
_____	<p>c. Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
\$12,673,359	<p>d. Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> 1. For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3. For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4. For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5. For any option to lease, a copy of the option, including all terms and conditions.

_____	e. Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f. Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g. All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$16,950,617	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.